Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 75
Bahrain ... Din 0.650	Italy ... L 1100	Q. Arabia ... Rls 4.00
Belgium ... BFr 38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 100
Cyprus ... Mils 600	Kuwait ... Fils 600	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... £L 6.00	Sweden ... Skr 5.50
Egypt ... £E1.00	Luxembourg ... LFr 39	Switzerland ... SwFr 2
Finland ... Fmk 5.50	Malaysia ... Rm 4.75	Taiwan ... NT $45
France ... FFr 6.00	Mexico ... Pes 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.50	Turkey ... L 100
Greece ... Dr 80	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... NKr 6.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,217 Wednesday January 11 1984 D 8523 B

Why Reagan plays the Moscow overture, Page 12

NEWS SUMMARY

GENERAL

Danish voters return Schlüter

Danish Prime Minister Poul Schlüter declared last night that he would go to Queen Margrethe today to be confirmed in office.

His Conservative-led coalition had gained 14 seats in yesterday's general election after three quarters of the votes were counted.

The Prime Minister said that the election result showed "a strong vote of confidence in the government," which took office 16 months ago.

Mr Zhao's message

Chinese Premier Zhao Ziyang told U.S. President Ronald Reagan in Washington that U.S.-Chinese relations were at a turning point, but that obstacles still existed. As they talked on the White House lawn, pro-Taiwan demonstrators were visible beyond the railings.

Pipeline Briton dies

An unnamed British engineer working for U.S. multinational Dresser Industries died in a fire that destroyed a compressor station on the Siberia-Europe gas pipeline. The incident, which happened in October but was not revealed by the Soviet authorities, has caused a row between the Soviet supervisors and foreign contractors.

Turkey kept out

Council of Europe's political commission recommended that Turkey should not be admitted to the council meeting on January 31, and a decision on its representation postponed until after its May municipal elections.

Greek equality law

Greece's parliament passed a law guaranteeing women equal pay for equal work.

Corsica blast death

A man killed and another seriously injured in a village near Ajaccio, Corsica, were probably victims of their own explosives, police said.

Awali bridge opened

In southern Lebanon, Israel reopened a fourth bridge over the Awali river.

Benazir Bhutto free

Pakistan opposition politician Benazir Bhutto, daughter of executed Premier Zulfikar Ali Bhutto, was freed after nearly four years of detention, and flew from Karachi to Paris to join her mother, who is being treated for cancer. Page 6

Jordan's new Premier

King Hussein of Jordan appointed Interior Minister and former intelligence chief Ahmed Obeidat as Premier in succession to Modar Badran, who resigned. Page 14

French police raids

Police launched a dawn operation in the French Basque region, setting up road blocks and raiding the homes of French Basque militants and Spanish exiles.

Angola bombed

Angola's news agency said 20 South African aircraft bombed Caiundo in south-east Angola, killing four soldiers and some civilians. South Africa Talks, Page 6

Lebanon deadlock

Riyadh talks on Lebanon, between the foreign ministers of Lebanon, Saudi Arabia and Syria, were inconclusive, it was disclosed in Beirut. British Foreign Minister Sir Geoffrey Howe has arrived in Riyadh for talks on the Middle East.

BUSINESS

GM sets out on radical shake-up

GENERAL MOTORS, the world's largest vehicle maker, announced a sweeping reorganisation within the U.S. Page 14

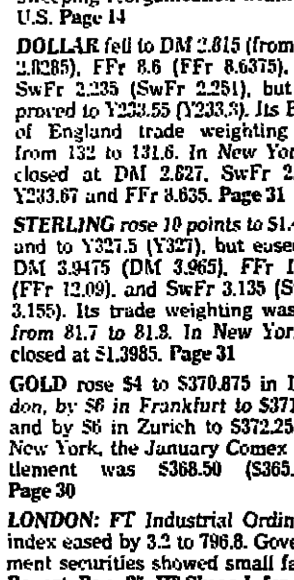
DOLLAR fell to DM 2.815 (from DM 2.8285), FFr 8.6 (FFr 8.6375), and SwFr 2.235 (SwFr 2.251), but improved to Y233.55 (Y233.3). Its Bank of England trade weighting fell from 132 to 131.6. In New York it closed at DM 2.827, SwFr 2.248, Y233.67 and FFr 8.635. Page 31

STERLING rose 10 points to $1.4015 and to Y327.5 (Y327), but eased to DM 3.9475 (DM 3.965), FFr 12.05 (FFr 12.09), and SwFr 3.135 (SwFr 3.155). Its trade weighting was up from 81.7 to 81.8. In New York it closed at $1.3985. Page 31

GOLD rose $4 to $370.875 in London, by $6 in Frankfurt to $371.25, and by $6 in Zurich to $372.25. In New York, the January Comex settlement was $368.50 ($365.90). Page 30

LONDON: FT Industrial Ordinary index eased by 3.2 to 796.8. Government securities showed small falls. Report, Page 25, FT Share Information service, Pages 26, 27

WALL STREET: Dow Jones industrial average closed 7.74 down at 1,278.48. Report, Page 21; Full share prices, Pages 22-24



COPPER prices dropped sharply for the second day in London. Cash high-grade price was down from £995.5 to £979.5 ($1,372.9) a tonne. But zinc prices rose to their highest for 9½ years. Page 30

TOKYO'S run of nine trading days in which the Nikkei Dow index improved its record ended when profit-taking brought it 37.6 down to 10,016.21. Stock Exchange index fell 2.29 to 748.02. Report, Page 21; Leading prices, other exchanges, Page 24

NIGERIA asked for a brief postponement of talks with the IMF, due next Monday, over a $2bn three-year credit. Page 6. Turkey opened talks with an IMF team about a $225m credit.

GRENADA financing is to be discussed by donor countries and institutions in Barbados, starting on February 8.

MEXICO cut its inflation rate from 98.9 per cent in 1982 to 80.8 per cent in 1983. Page 4

SWEDISH budget forecast a fall in deficit from SKr 84.9bn in the current year to SKr 80.8bn ($9.9 bn) in 1984-85. Page 3

WEST GERMAN consumer prices rose by 3 per cent in 1983. Page 2

UK CAR production in 1983 was 1,045,000, 16 per cent up on 1982, and over 1m for the first time since 1979. Registrations were a record 1.79m. Commercial vehicle output fell 9 per cent to 244,200.

NATIONAL ADVANCED Systems is to pay IBM costs of $3m in an out-of-court settlement of IBM's suit that NAS made use of IBM computer trade secrets worth $2.5bn without admitting any wrongdoing. Page 4

ITALIAN banks cut the prime rate 0.25 per cent to 18.5 per cent. Page 3

'VAST AREA WHICH IS TOTALLY UNEXPLORED'

BP abandons South China Sea exploration well

BY DOMINIC LAWSON IN LONDON

BRITISH PETROLEUM is to abandon the first exploration well drilled on its contract areas in the South China Sea.

The oil industry and international stock markets had been anxiously awaiting the results of the well, the first to be drilled since China opened up its offshore acreage, three times the size of the North Sea, to international oil companies last May.

Although BP is to abandon the well, some traces of oil were recovered from the drill pipe. The rig used to drill the well, the Nanhai II, owned by the Chinese, will be moved to another part of the BP concession in the Pearl River Basin area of the South China Sea. BP believed the rig will spud its second exploration well in about a week's time, pending permission from the Chinese authorities.

BP said yesterday: "We would have been happier with a more significant discovery, but we are at the beginning of a long exploration programme in a vast area which is totally unexplored."

Oil analysts pointed out yesterday that BP's concessions offshore China were the size of 54 North Sea blocks. The contract area in which BP is exploring, 14/29, is in the Pearl River Basin, which had been considered the most promising area of the Chinese concessions.

Some oil analysts had estimated recoverable reserves in the basin to be 20bn-40bn barrels.

BP's abandonment of its first well off China's shore comes little more than a month after its U.S. subsidiary, Sohio, had found nothing but water in its Mukluk well, off Alaska.

The eventual drilling costs of the Mukluk well are estimated at $130m.

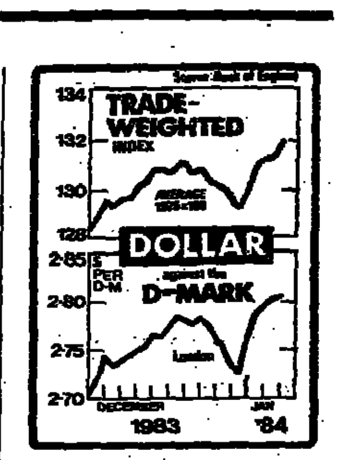
BP's first Chinese well is likely to have cost no more than $15m to drill. Whereas Mukluk comprised one giant structure, which turned out to be dry, BP's Chinese concessions comprise a large number of structures, as in the North Sea.

BP's shares, having fallen 8p at one point, recovered to close unchanged at 403p. Today marks the date of the final payment of 235p per share, for the 130m shares sold by the Government last September. The shares were sold at 435p each before the Mukluk well was drilled.

The small British oil company, Cluff Oil, recently gained the right to operate an area of 2,750 square miles in the Yellow Sea off China. Cluff Oil's share price fell 5p to 82p yesterday.

BP has a 45 per cent equity stake in the consortium responsible for the 14/29 area. Other members are the Broken Hill Proprietary Company of Australia, with 30 per cent, and the Brazilian state-owned company Petrobras Internacional, with 15 per cent. Two Canadian companies, Ranger Oil and Petro-Canada, have 10 per cent each.

China's offshore oil test, Page 9



$ retreats from high levels in Europe

By Philip Stephens in London

THE DOLLAR lost some of its lustre on foreign exchanges yesterday, falling back from its highs against other leading currencies, but the currency markets appeared sceptical that the losses were anything more than a temporary setback.

After breaking new records in Tuesday's trading in the Far East, the dollar was depressed by a wave of profit-taking that brought a fall of 4 pfg against the D-Mark before the U.S. currency recouped some of its losses.

It dropped back in New York to DM 2.827 against DM 2.84375 on Monday. Sterling firmed slightly, however, to $1.3985 ($1.3925).

When the day's hectic trading closed in London the dollar stood at DM 2.8150, just over 1 pfg lower than on Monday, but above the day's low of DM 2.8010. Sterling strengthened fractionally to close at $1.4015, 10 points up on the day, while against the Swiss franc the dollar closed at SwFr 2.2350, down from SwFr 2.2510.

The dollar's trade-weighted index against a basket of currencies fell to 131.6 from 132, according to Bank of England figures, while sterling's index rose to 81.8 from 81.7.

Foreign-exchange dealers said the fall was largely a reaction to the dollar's steep climb since the beginning of the year, with some central bank intervention encouraging heavy commercial selling and profit-taking.

But many speculated that the shake-out would be followed by further advances for the U.S. currency over coming weeks.

Economic indicators due to be released this week are expected to reinforce the impression that the U.S. economy is still expanding rapidly, and demand for dollars for investment in the U.S. remains strong.

Continued on Page 14
Money markets, Page 31

Swedish steelmakers regroup for assault on stainless market

BY DAVID BROWN IN STOCKHOLM

Sweden's stainless steel manufacturers have agreed on a far-reaching restructuring plan that seeks to give the Johnson Group, the country's largest privately owned concern, and Sandvik dominating positions within the European industry.

Under the plan, announced yesterday, Avesta, Johnson's special steels subsidiary, is to buy the stainless steel operations of Nyby Uddeholm and Fagersta. That should give it as much as 40 per cent of the West European market in welded stainless tubes and shares of 30 to 35 per cent in hot-rolled plate and strip products.

Avesta will become an important competitor in those product areas to Krupp Thyssen of West Germany and the state-owned British Steel Corporation. Further significant competition comes from Japanese companies producing cold-rolled stainless products.

Annual Swedish stainless steel output varies from 200,000 tonnes to 250,000 tonnes of finished products, which go almost entirely to export. Avesta's sales of hot-rolled plate, strip and welded stainless tube are estimated to reach SKr 5bn (£435m) in 1984.

Avesta is to pay SKr 460m ($56m) in convertible paper for the Nyby Uddeholm and Fagersta shares, the sum being divided equally between the two companies.

The Johnson Group would retain its majority interest in Avesta even after the convertibles have been redeemed. However, it plans to relinquish exclusive control, when it raises SKr 300m through a public share issue corresponding to about 23 per cent of the share capital.

The Swedish Government will extend a public aid package worth a total of some SKr 450m in loan write-offs and special financing, including a previously agreed SKr 330m rescue payment to the sorely troubled Nyby Uddeholm company. Disagreement over that government aid blocked an earlier attempt to restructure the Swedish stainless steel industry in November 1983.

Yesterday's agreement aims at a substantial rationalisation of the stainless steel sector over the next three years. One smelting plant and two rolling mills will be closed in the new Avesta company.

A further smelting plant jointly owned by Avesta and Sandvik is also expected to shut down. In all about 1,500 jobs – or 15 per cent of the sector's workforce – will be lost.

Sandvik, the cemented carbide and special steels manufacturing group, will remain the second main Swedish producer of stainless steels. Its output will encompass its currently profitable seamless tube products, as well as speciality strip and wire products, which have an annual turnover of some SKr 3bn, mostly generated outside Sweden.

Although the plan implies a considerable rationalisation of current overcapacity, it is not intended to produce any reduction in current output.

"We do not expect our market shares to decline, despite the cut-back in capacity," Mr Goran Ennerfelt, president of A. Johnson and Company, said yesterday. But, he added, the possibility of price competition from state-owned companies such as British Steel remained "a worry."

● The European Community is prepared to impose retaliatory duties on a range of U.S. chemical and sporting goods imports if no agreement is reached by this weekend on the long-simmering speciality steel dispute, U.S. trade officials warned yesterday, Steward Fleming writes from Washington.

Mr Robert Lighthizer, the deputy U.S. trade representative, said he was "hopeful but not optimistic" about the prospects of reaching an agreement in the next few days.

He added that the long series of EEC-U.S. meetings on the speciality steel issue had brought the two sides reasonably close on a number of crucial issues including the size of the EEC share within the quota based on speciality steel imports which the U.S. established last year, the level of compensatory trade the U.S. would offer the EEC under Gatt regulations to offset the quota imposition and special arrangements for some small speciality steel producers, mainly in the UK and Italy.

Swedish budget proposals, Page 14

Honda Motor to double output at U.S. plant

BY YOKO SHIBATA IN TOKYO AND TERRY DODSWORTH IN NEW YORK

HONDA MOTOR yesterday announced plans to double passenger car production capacity at its Ohio plant to 300,000 units a year by 1986.

Mr Tadashi Kume, Honda's president, said the group would invest $240m in building a second production line at its Marysville, Ohio, plant to produce the sub-compact Civic model. Construction work is expected to start in the middle of this year.

Honda, which is the world's largest manufacturer of motorcycles, ranks fifth among Japanese car producers. It began making cars in the U.S. only in late 1982; last year it sold just over 50,000 of its Accord model out of 55,000 units produced in the U.S. Accord output is expected to reach 130,000 this year.

The company is bringing forward to mid-1984 its target date for achieving full rate of production of 150,000 Accords a year, and as part of this process is incorporating the hatchback Accord as well as the saloon version into its production range.

Mr Kume said Honda was also planning to build a car engine plant in the U.S. It announced its intention last October of setting up production of motorcycle engines at the Ohio site. The group already has a motorcycle assembly plant in the U.S., which turns out about 300 units a day of large models of 1,100 cc and above.

Some 20 per cent of production is exported. Last September, Honda also began work on a lawnmower factory in North Carolina.

Ford Motor Company announced yesterday that it would build a $500m plant in north Mexico to produce a small car designed by Toyo Kogyo, Japan, for sale mainly in the U.S. Production of this sporty sub-compact car is expected to start in 1986, with an annual capacity of 130,000 units.

Ford matches Brazil against Japan, Page 16

Honda's expansion in the U.S. follows a relatively smooth lift-off to its initial manufacturing programme, despite a few early complaints about quality. Sales have built up rapidly through a network of some 800 dealers. Its experience of the U.S. market so far contrasts with that of Volkswagen whose sales have yet to meet initial hopes.

The company said yesterday that the entire $240m investment in a second production line would be funded from U.S. cash flow. No cash contribution would be needed from the Japanese parent.

Honda also announced yesterday that total worldwide car sales reached 1.15m in calender 1983 out of total production of 1.17m. Sales and production are both projected at 1.26m for 1984.

In the first six months of its current financial year, ended August 31 1983, the company's consolidated net profits rose 19.6 per cent to Y43.4bn ($186m) on sales up 5 per cent to Y1,196.3bn, despite the heavy negative impact of the worldwide plunge of the motorcycle market.

UK consumer borrowing spree fuels growth in money supply

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITISH consumers celebrated the end of 1983 with a major spending spree and a commensurate surge in borrowing from hire purchase companies and banks, a series of official figures suggested yesterday.

The hangover, however, revealed in separate estimates from the Bank of England, was an accelerated growth in the money supply which has sharpened anxieties about the trend of interest rates in 1984.

The indications yesterday were that the authorities do not at present want to try to choke off borrowing demand by raising interest rates. The general view was that they would wait to see how the trend continued in the early months of this year before taking a decision.

One official said: "If loan demand continues at the present rate there would be upward pressure on interest rates."

Revised estimates from the Department of Trade and Industry for shop spending in November showed a 6½ per cent rise in volume compared with a year earlier. This was half a percentage point more than was previously estimated and 3 per cent above the levels in the late spring. All the indications are that the end-of-year surge in spending continued into December.

New credit advanced to consumers in November – mainly through hire purchase – jumped 14 per cent compared with the previous month's total of £855m. By the end of November the total amount borrowed from finance houses and other specialist consumer credit organisations was £14.1bn, 22 per cent more than a year earlier.

Borrowing from banks also appears to have been increasing rapidly. The London clearing banks yesterday estimated that the rise in new lending in the banking month of December was more than £1bn, after adjusting for seasonal factors. The biggest increase came in the personal sector.

The recorded rise in clearing bank lending was only £176m in the month but this compared with an expected seasonal fall of about £1bn. According to City estimates, the total underlying increase in bank lending to the private sector to be published later this month is likely to be between £1bn and £1.5bn, compared with an average of about £1bn a month in the first 11 months of the year.

Although the magnitude of the bank lending figures is not causing great alarm in Whitehall, officials are concerned about the extent to which the new credit continues to be used for consumer spending rather than productive investment. The December figure is, however, confused by the very large seasonal adjustment.

Any substantial revival in fixed investment by companies could also increase demand for bank credit, particularly if, as generally predicted, the growth in company profits slows down in 1984.

The Bank of England's preliminary estimate of money supply growth in December, also issued yesterday, showed sharp rises in all the three definitions of money for which the Government has a target range.

Editorial comment, Page 12; Lex, Page 14

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هكذا من الأصل

France seeks EEC farm, budget pacts by March summit

BY JOHN WYLES IN BRUSSELS

FRANCE'S AGRICULTURAL Minister, M Michel Rocard, yesterday issued the first public assurance that as President of the EEC's Council of Ministers, his country wanted to steer the Ten *towards full agricultural* and budgetary agreements at the Community's next summit in March.

He answered with a firm "Yes" as to whether a March package of agreements was the French goal. His response *should go some way towards* dispelling fears that Paris would not encourage these key settlements until the mid-June elections to the European Parliament are over.

President François Mitterrand and his Ministers are obviously *still* re-thinking their whole approach to the negotiations which dominated the last six months of 1983 and which ended in breakdown at last month's Athens summit.

M Rocard, for example, was unable to say yesterday whether proposals tabled in December by M Jacques Delors, French Finance Minister, for better control of EEC spending, were still on the table.

Mr Rocard also issued a public endorsement of the UK's "European credentials." *He* said that his British counterpart, Mr Michael Jopling, had made a firm statement "dissipating" any suspicions on this front.

It seemed to matter little that Mr Jopling said later that he had no recollection of making any such statement. M Rocard's purpose appeared to be to signal that Britain could not be held responsible for major problems in the looming agricultural negotiations.

Mr Jopling did confirm that M Rocard's ambitions for a March settlement had brought *a sense of urgency to the two-day* meeting of EEC Farm Ministers which ended yesterday.

During their meeting, *Ministers established a procedure* for negotiating on the European Commission's proposals for reforming the Common *Agricultural Policy and on* the Commission's 1984-85 price proposals, due at the end of this week or early next.

This still leaves the issues of a permanent solution to the British budget problem and of raising the ceiling on the EEC's budget revenues to be settled by Foreign Ministers in order for a global package to be adopted by March.

If prospects for an agreement are to be improved, the Commission will have to modify its proposals for curing the British budget problem and effectively controlling EEC spending.

On the budget, the Commission's final *suggested* solution contained only "some elements" on which Britain thought it worth negotiating. Plans for controlling spending were thought too weak by Britain, France and the Netherlands.

Growth of pay rises slows

BY OUR BRUSSELS CORRESPONDENT

THE GROWTH of wage rises in the EEC show a marked decline in 1983 compared with peak increases recorded during the previous three years, according to preliminary figures from the European Commission.

Average gross hourly earnings of workers in industry *were 11 per cent higher in the* first quarter of last year than a year earlier. This compares with a peak year-on-year increase for the EEC of 16 per cent in the second quarter of 1980.

The Commission does not yet have sufficient national data to calculate a Community average for subsequent quarters of 1983, but it says the slowdown did continue in several countries.

In France hourly earnings in the second quarter were 10.2 per cent higher than a year earlier compared to an 18.2 per cent rise in the *second quarter* of 1982. Wage rises also slowed in Ireland and Britain.

The slower rate of increase *in nominal earnings has not led* to a reduction in real earnings, says the Commission. The declaration of inflation has been more substantial, with the result that real hourly earnings were rising at an annual rate *of nearly 2 per cent from the* second half of 1982, having previously fallen to less than 1.5 per cent.

Move to strengthen competition rules

By Paul Cheeseright in Brussels

THE EUROPEAN Commission is studying how to strengthen enforcement of EEC competition rules through *courts in* the member-states by the use of private damage actions.

Mr Frans Andriessen, Commissioner in charge of competition policy, disclosed this in Lisbon yesterday.

"Even if, in the enforcement of Community competition law, actions before the national courts have not gained the importance of treble-damage actions under U.S. anti-trust law, it has to be made clear that the en*forcement of these competi*tion rules through national courts is of great importance to the proper functioning of *the system*," he said.

Any draft regulation the Commission puts to the Council for approval would be aimed *at codifying national laws* into Community law rather than seeking to create new rights for individuals and companies.

The process could help the Commission's aim to heighten the role of competition policy in stimulating economic activity through breaking down barriers to trade, and economic distortions.

The Commission study involves the principle that infringements of competition rules can *give rise to* private damage actions, although the damages sought would cover the actual cost and not be multiple, as under the U.S. system.

It also would make national courts responsible for jurisdiction of such private damage actions. There would be no Commission involvement. The mechanics of proving both the infringement and the right to damages would be left in national hands.

Exemptions likely to come through this year include joint activity by companies engaged in research and development and selective distribution in the car trade.

"It is to be expected that this power *to grant such* exemptions will become the major instrument by which the Commission steers its competition policy in co-ordination with the other policies of the European Communities," Mr Andriessen said.

French union chief hits out at Government

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government came under unexpectedly abusive attack yesterday for its handling of industrial problems by the pro-Socialist union normally most sympathetic to its cause.

M Edmond Maire, head of the CFDT, the second largest union, warned the Government that if *it resorted* to the same high handed methods in dealing with steel, coal and other ailing sectors of industry as it had in the *Talbot dispute, it would* face "head-on confrontations, a digging-in of heels, lags in industry, violence and even racism."

His words reflect the CFDT's bitterness at the Government's failure to consult the unions over job losses in declining industries.

The union feels its own solutions of work-sharing and a shorter working week have *been brushed aside.* It is also indignant that in recent disputes in the paper and motor industries, the Government has *leaned more for support on its* rival, the Communist-led CGT union.

M Maire's attack—the sharpest he has made on the Government in its two and a half years in office—was accompanied by an equally strong denunciation of the CGT and the Communist Party. He accused them of trying to force workers at Talbot to swallow the 1,905 redundancies and of using their weight *"to bring the worker to order."*

The Government responded last night by declaring that there was no privileged rela*tionship with CGT. But the fact* remains that the Government has found it easier to deal with a disciplined union such as the CGT than with themore loosely run CFDT. It has also had the *support of the Communist* ministers, one of whom is in charge of employment issues.

The CFDT leader tacitly admitted yesterday his problems in controlling militant rank-and-file during the dispute at Tal*bot's Poissy plant. He told a* news conference that responsibility for the union's "no redundancies" slogan at Poissy lay with the local leadership.

He accused the Government during the Poissy dispute of being "more inflexible" than the management and said that it had "systematically refused all negotiations" about redundancies.

However, he added yesterday that his meeting with M Pierre Mauroy, the Prime Minister, on Monday had given him encouragement that the Government would change its approach and show more readiness to negotiate. Nothing could be achieved without "consultation and negotiation," he said.

W. German prices up 3%

By Rupert Cornwell in Bonn

CONSUMER PRICES rose by an average of just 3 per cent in West Germany last year, reinforcing hopes that the country will be able to combine low inflation with a decent rate of economic growth this year.

Prices in December were, as in both the *preceding* months, 2.6 per cent higher than a year earlier, according to official figures.

The 3 per cent figure compares with 5.3 per cent in 1982. What is more, both official and unofficial projections agree that inflation should remain around 3 per cent this year as well, even *though the pace of economic* expansion is likely to rise to 2.5-3 per cent from slightly over 1 per cent last year.

The two main threats to such forecasts are a large jump in either labour costs *or the price of oil and energy* products.

West Germany's main unions and employers have dug themselves in for what promises to be a lengthy battle over the former's demands for a 35-hour working week. Industry claims that would push up production costs by 15-20 per cent.

Meanwhile, the benefits of cheaper oil for the country's inflation rate can be measured by the fact that the prices of light heating oil and industrial fuel dropped by 6 and 3.2 per cent respectively in 1983.

CONFERENCE ON DISARMAMENT IN EUROPE OPENS NEXT WEEK

U.S. hopes for 'turning point' in relations

BY OUR BRUSSELS CORRESPONDENT

THE REAGAN Administration wants to make the conference opening in Stockholm next Tuesday on reducing the risks of war in Europe a "turning point" in East-West relations, Mr James Goodby, the leader of the U.S. delegation, said here yesterday.

Speaking after preparatory discussions within Nato, Mr Goodby stressed the desire of the U.S. for a successful outcome to the 35-nation conference. *This confirms the new* emphasis the Reagan Administration is putting on improving relations with Moscow since the *Soviet Union walked out of the* Geneva talks on reducing intermediate nuclear missiles in December.

Mr Goodby said that the U.S. and its Nato allies were still working on common proposals for the Stockholm conference. These would embody "new concepts" and would cover exchanges of information between East and West on military movements, prior notification of military activities and observation and monitoring of them.

With U.S.-Soviet disarmament negotiations at a standstill, the *Stockholm conference has* become the main forum for East-West contacts. It would be an important *channel of communications with the East, said* Mr Goodby, who added "and we do want it to succeed."

He stressed, however, that the U.S. would not be satisfied with "declaratory" measures such as nuclear-free zones which are expected to form part of the Soviet negotiating position. "These are not very helpful and have no lasting results," he said.

There were indications, he added, that the Soviet Union would treat the negotiations seriously and that it would produce some proposals "that we can work with."

He would not forecast how long the conference might last. But he thought that the second round of negotiations scheduled from May 8 to July 6, should reveal the extent of common ground and "whether there is going to be a long drawn out negotiation."

● Nato ambassadors meeting in Brussels today are expected to set in motion a key study designed to produce a "thorough reappraisal of East-West relations with a view to achieving more constructive East-West dialogue."

The U.S. is believed to want the study to be confined to an historical analysis of East-West relations, whereas some European governments, including the British and West Germans, would like it to re-examine the principles underlying East-West policies and to re-emphasise the importance of political detente and dialogue.

Nervous excitement grips officials in Bonn

BY JAMES BUCHAN IN BONN

WEST GERMAN officials are looking forward with a mixture of excitement and trepidation to next week's opening of the European security conference in Stockholm, which looks set to be the sole functioning East-West arms negotiation channel for some time.

Herr Hans Dietrich Genscher, the Foreign Minister, whose *furious diplomatic energy has* scarcely been quenched by a nasty motor accident last week, will travel to Stockholm next *week for a conference he feels* he has done much to bring about.

Western diplomats in Bonn, above all those from the U.S., have been uneasy that Herr Genscher's vigorous campaigning might unleash public expectations unlikely to be fulfilled from a conference that will not conclude even its first phase until 1986.

In an essay published on December 2, Herr Genscher called for a "new attempt at bringing about a comprehensive, long-term and viable form of detente with the Soviet Union" and that the conference "should, from the very beginning, be used to explore all avenues to progress in East-West relations, including their political aspects."

U.S. officials have sought to restrict expectations to the "mandate" signed by all the European states (except Albania), the U.S. and Canada in Madrid last September. This calls for mandatory military confidence-building measures more far-reaching than those agreed at the first security conference in Helsinki in 1975.

It is felt by U.S. and West German officials that Moscow probably has an interest in such measures as early warning of troop movements, but they suspect that it will first make "fictional" concessions to counteract the opprobruim of breaking off the arms control talks.

Some Western diplomats believe thta Western deviation from the Madrid mandate would merely assist the Soviet Union in putting forward its proposals for an inter-alliance non-aggression pledge and an "atomic-free" zone, combining the two German states, *as outlined in* last year's Warsaw Pact "Prague declaration."

Bonn now says that it sees a non-aggression agreement only as a "crowning" of the conference and that it should anyway be *global and in force* within the alliances, so that the Soviet Union would have to forego such adventures as the *Afghanistan invasion or the* "fraternal intervention" of the Brezhnev doctrine.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

Dublin Government braced for battle on contraception issue

BY BRENDAN KEENAN IN DUBLIN

THE IRISH coalition Government, despite a bruising encounter with the country's Roman Catholic bishops last year over abortion, is bracing itself for another battle on the issue of contraception.

This time, the Government of Dr Garret FitzGerald will also have to take on the powerful medical lobby over plans to provide contraceptives through local health clinics.

At present Irish law provides for the supply of contraceptives only on prescription from a doctor. This restricted access was allowed only after the courts overturned the previous law which banned the importation or supply of contraceptives.

Some Catholic doctors refuse to prescribe contraceptives on conscientious grounds, while others object to having to write prescriptions for what they regard as non-medical items such as condoms. In a recent test case a doctor was put on probation for supplying condoms directly to a patient.

The present law was introduced by the present opposition leader, Mr Charles Haughey, who described it as "an Irish solution to an Irish problem." Mr Barry Desmond, the present Health Minister, believes it is not a solution to the overall problem of providing a comprehensive family planning service throughout the country.

His plan to provide such a service through local clinics has been attacked by the Medical Union, which represents most of the country's general practitioners. It said the best solution would be a women's health service provided by the general practitioner. A spokesman admitted that an alternative system would have to be operated in areas where the General Practitioners refused to supply contraceptives.

The Catholic hierarchy is likely to be particularly concerned by Mr Desmond's apparent intention to provide the service for anyone who wants it, irrespective of whether they are married.

Mr Desmond is a member of the junior Labour Party in the coalition Government, but his plan is likely to cause most trouble among some members of Dr FitzGerald's Fine Gael Party, who take a traditional Catholic view on issues of this kind.

Defections by members of the Fine Gael Parliamentary Party meant the Government could not carry through its preferred wording on the abortion referendum last year.

Dr FitzGerald says he hopes for all-party support on the proposed contraceptive legislation, but this seems unlikely. Some of his advisers are quite willing to face revolt in their own ranks in order to force the opposition into blocking the new measures.

Their calculation is that Dr FitzGerald's best prospect is to portray Mr Haughey's Fianna Fail as a party of the rural, conservative vote in order to hold on to the gains which Fine Gael has made in urban areas.

Fix brewery fights order to close

By Our Athens Correspondent

KAROLOS FIX Breweries, the ailing producer of Greece's national Fix beer, is seeking to prove unconstitutional the Socialist Government's plans to take over the management or close down industries which are heavily indebted to the state banking system.

These so-called problem industries constitute the majority in Greece and they represent one of the main economic headaches inherited by the Socialists from their Conservative predecessors after the 1981 general election.

The Government passed a law last summer enabling it to take these industries in hand. However, this has raised fears that the Socialists will use the law to nationalise private sector companies through the back door.

The Fix brewery's closure, along with the sale of company property to cover an estimated Dr 6bn (£42m) of debt to state banks, was ordered under that law by the National Economy Ministry last November. It has now taken its case before the Council of State.

The company is asking the Council, which, under the Greek constitution, has the power to cancel government decisions, to declare the problem industry law unconstitutional on the grounds that it violates articles protecting the right to private property.

The company, which employs 450 people in Athens and Salonika, is the largest beer and soft drinks concern quoted on the Greek Stock Exchange.

Andriana Ierodiaconou in Athens reports on an opposition in disarray

Old Greek joke still raises a laugh

WHEN THE conservative New Democracy Party was in power in Greece before the socialist election victory in 1981, it used to be said of official functions at Athens' stately Grande Bretagne hotel that the waiters looked like Cabinet Ministers and the Cabinet Ministers looked like waiters. If they changed places, the joke continued, the Government would be better run but the hotel would go to pieces.

New Democracy does not seem to have performed any better in its role as Greece's major opposition group. More than two years after losing power, it remains a party in search of a political future. It is commonly acknowledged that if Greeks were to go to the polls tomorrow, the governing Pasok Party's strongest card would be the lack of a convincing alternative.

Many of New Democracy's problems are organisational. A much advertised party programme, due to have been completed and released months ago, still remains under wraps. Though the party claims to have substantially increased the number of local offices, grass-roots organisation—one of the key secrets of the socialists' success in 1981—remains weak. There are also financial problems, as backers remain unconfident of the party's electoral prospects.

The 1981 election defeat lit a short fuse under the unity of the party. This has not been strong since the party was hastily put together after the collapse of the military junta in 1974, as an umbrella for all shades of non-Left political opinion. Unity has been especially fragile since 1980, when New Democracy's founder, Mr Constantine Karamanlis, gave up his position as party leader and Prime Minister to become President of Greece.

Mr Averoff (left), party leader. Mr Karamanlis (right), power behind the scenes

Today, the party hierarchy has deteriorated into an uneasy assortment of rivals, dubbed the "dauphins" by the local Press. Despite pressure for change from within, the leadership remains in the hands of Mr Evangelos Averoff, aged 75, who toook over folowing the resignation of defeated Prime Minister Mr George Rallis in 1981.

Unlike his central liberal predecessor, Mr Averoff, a former Minister of Defence, stands on New Democracy's far Right wing. He is unlikely to attract the significant numbers of errant centrist voters who are now disillusioned with the Socialist Government.

Mr Karamanlis, who continues to exercise key influence behind the scenes and who is acknowledged to hold the key to the leadership deadlock, has so far failed to act, apparently unconvinced of the suitability of any of the candidates.

Their short-comings are various. Mr Constantine Mitsotakis, a Cretan with considerable Cabinet experience and for a time a leading "dauphin," is burdened with the political baggage of a past apostasy from the centre union Government of Mr George Papandreou in the early 1960s.

Mr Constantine Stephanopoulos, a dapper and articulate lawyer in his early fifties, on the party's right wing, is judged too young and Mr Rallis, whose possible comeback was a matter of speculation for a time, is now acknowledged to have written himself out of a return as party leader. He has published two books exposing internal party quarrels and criticising the lack of reorganisation over the past two years.

Perhaps most important, given the Greek tendency to vote for personalities rather than parties, none of the candidates for the New Democracy leadership is likely to be able to compete with the popularity of Mr Andreas Papandreou, the Socialist Prime Minister, who remains the country's most charismatic politician.

"Let's face it—Pasok has Hollywood. They have Andreas, and we don't," one conservative official said ruefully recently.

Meanwhile, in lieu of developing a dynamic party platform of its own, New Democracy appears to be pinning its hopes for a political comeback on Mr Papandreou's mistakes, which are ritually pointed out and roundly denounced by Mr Averoff in endless Press statements. Party officials are fond of saying that elections are not won by the Opposition, but lost by the Government.

There is much talk of playing the "Communist card"—pointing a finger at Mr Papandreou's neutralist foreign policy and warning would-be socialist voters of a behind-the-scenes pact between Pasok and the Moscow-line Communist opposition. This is an emotive argument in a country still marked by the experience of the bloody 1945-49 civil war between the Communists and the Right.

One test of how successful this approach is, will be the June 1984 European Parliament elections. The Conservatives are expected to wring the last drop of optimism from what they expect to be a drop in the Pasok vote, below the 40 per cent it gained in the 1981 European elections.

However only the next national elections will show whether New Democracy has convinced Greek voters that the Grande Bretagne joke will no longer be worth telling if the Conservatives came back

Banks trim prime rate in Italy

By James Buxton in Rome

ITALIAN BANKS yesterday reduced prime rate by a quarter of a point to 18.5 per cent.

The fall, the first to be agreed by the executive committee of the Italian Bankers Association (ABI) since last April, is being presented as a goodwill gesture towards the Government and the public, rather than as a move justified on financial grounds.

The banks would have preferred to see clearer signs that the Government was seriously trying to reduce its huge borrowing requirement, the basic cause of the high Italian interest rates. But the ABI came under Government pressure to make a rate reduction while Economic Ministers work on a package of further economic measures. The reduction was the smallest it was possible to make.

Portugal, U.S. plan satellite station talks

LISBON and Washington will start negotiations soon on installing a U.S. satellite tracking station in Portugal. Its purpose is largely scientific, although some military use is likely, writes Diana Smith in Lisbon.

The station would link similar facilities in Hawaii, South Korea and Diego Garcia in the Indian Ocean. The U.S. also hopes to start negotiations for occasional use of an airbase in southern Portugal.

Norwegian N.E. Frigg gas field on stream

BY FAY GJESTER IN OSLO

THE LATEST Norwegian offshore field to come on stream—the North-east Frigg gas field—was opened officially yesterday. It has been producing gas since early last month, though not at full capacity.

The field is the first on Norway's continental shelf to produce by a sub-sea installation, operated by remote control. This is expected to become increasingly common in offshore fields where installing an ordinary production platform is too difficult or too expensive.

The six well-heads on North-east Frigg lie on the seabed at 100m. They are operated from a nearby un-manned control tower which receives its "instructions" as radio signals from the main Frigg field

The gas is piped to Frigg for treatment and export to Britain through the Frigg/St Fergus line.

Call for more union independence in East bloc

BY LESLIE COLITT IN BERLIN

TRADE UNIONS in the communist countries must gain greater independence if the "high price" of the Polish crisis and the Hungarian uprising of 1956 is to be avoided according to Mr Sandor Gaspar, chairman of Hungary's trade union federation.

Mr Gaspar told the Hungarian Communist Party's political academy that workers in the communist countries will only accept organisations which are independent and put forth their own opinions.

He noted that while it would be "harmful" for the trade unions to use strikes and boycotts they "will have to risk an open conflict" if they believe their views serve the policy of the Communist Party "in a better and more just way." Differences of opinion between the unions and the state are not only possible, he said, but necessary.

Mr Gaspar told the party gathering that the key question regarding the role and efficiency of the unions was their function as an independent organisation. "Events in Poland," he said, provided lessons which should "not be underestimated."

The Hungarian union leader said the "crisis in Poland" and the 1956 Hungarian uprising showed the high price paid when organisations which are supposed to represent members' interests and achieve social control function in a formal manner.

While co-operating with the Government, Mr Gaspar said the unions in communist countries should offer an independent view.

Mr Gaspar cautioned that the unions must not give way to any pressure pushing them toward "demogoguery." This is a codeword in communist countries which stands for the dangers of a pluralistic society.

"They must maintain a realistic view," he said, adding that demogoguery was not the greatest danger today.

UBS resignation denial

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland said the French "oil-sniffer" affair was in no way responsible for the resignation in 1980 of Mr Philippe de Weck as its chairman, and loans made to Elf, the French state-owned oil group, in connection with the project have been repaid.

According to UBS, Elf and a group of investors approached the bank and its chairman at the time, Mr de Weck, for support in the organisation and financing of a "revolutionary new technology for the determination of underground mineral reserves." The bank says "maximum secrecy" was requested. It agreed in view of Elf's reputation and the interest of the French Government.

At the wish of both partners Mr de Weck took over what UBS calls personal trustee functions, the bank itself supplying backing for contractual payment transactions. It stressed that both UBS and Mr de Weck collaborated in financial and administrative matters only.

NAS agrees $3m out of court settlement over IBM suit

BY LOUISE KEHOE IN SAN FRANCISCO

IBM and National Advanced Systems, the computer subsidiary of National Semiconductor, have agreed to an out-of-court settlement of IBM's suit alleging that NAS made use of IBM trade secrets said by IBM to be worth $2.5bn. NAS has agreed to pay IBM's legal and investigation costs totalling $3m, without admitting any wrongdoing.

The settlement ends a 16-month legal battle during which NAS has repeatedly claimed innocence.

Under the terms of yesterday's settlement, NAS agrees to return all IBM confidential documentation in its possession. According to FBI evidence IBM documents describing the design of IBM computers were found at NAS headquarters in Sunnyvale, California.

The documents were allegedly brought to NAS by a former IBM engineer hired by the company. IBM alleged in its civil suit that NAS has made use of the material in the design of its IBM plug-compatible computers. NAS denied this throughout.

NAS has also agreed to inform IBM if National is ever again approached with possibly secret IBM information, to give IBM the right to inspect any computer products made by Hitachi (involved in a related suit) or NAS for potential trade secrets violations for the next five years and to set up an arbitration panel to resolve any subsequent disputes.

"We have effectively obtained a permanent injunction against NAS's use of IBM trade secrets," an IBM spokesman claimed. "We have got our documents back and our costs have been recovered."

The settlement is "good as settlements go," commented David Martin, president of NAS. "When the alternative is a protracted and expensive legal battle it makes business sense to settle, but it is still disappointing that any settlement had to occur. Nobody, not IBM, the courts nor the FBI has produced any evidence of corporate wrongdoing on the part of NAS," he claimed.

"IBM provides the industry with product standards, but with this case and other trade secret cases it is trying to impose its own legal and policy standards on the industry. The former serves the industry, the latter could destroy it," Mr Martin charged.

IBM challenges his interpretation. "He is wrong. IBM's actions have been taken to protect its property from misappropriation and misuse," said a spokesman for IBM. "IBM has not acted to hinder its competition," he stressed.

Terms of the agreement contrast with those reached by IBM and Hitachi. Hitachi last year pleaded guilty to criminal charges of trade secrets theft and agreed to pay undisclosed damages reported to be over $300m to IBM in settlement of a similar civil suit.

Hitachi manufactures computers sold by NAS, and NAS was accused of conspiracy to provide Hitachi with IBM secrets, a charge which NAS has denied.

Stewart Fleming in Washington explains the White House strategy on the budget

Budget deficit hoist on election petard

PRESIDENT Ronald Reagan is about to supply his answer to the most burning economic policy issue: do huge federal budget deficits of close to $200bn a year matter? The answer, judging from what is already known about the President's forthcoming budget message to Congress is "No," at least not in an election year.

It appears that the President, who set out in 1981 dramatically to restructure Government spending, will present Congress on January 30 with what even some of his officials describe as a "stand pat" budget for fiscal 1985, certainly as far as spending is concerned.

According to provisional decisions released to Congressional leaders, the President is going to seek only some $8.4bn of spending cuts from the levels previously predicted. That is less than half the $17bn cuts which the President sought a year ago, and leaves the Administration with a 1985 spending forecast of some $924bn and a deficit little changed from the $186bn expected for the current fiscal year.

It is not yet certain that the Administration will put into its longer-term forecasts to 1989 a "revenue plug"—some type of tax increase or, more likely tax "reform"—which will enable it to project that a least by 1986 deficits will be falling sharply, to reach $110bn or $120bn in 1988. Otherwise the Administration could find itself having to project deficits little changed from 1983's $195bn.

Just before Christmas the Administration published the key economic assumptions which underpin its budget outlook.

Broadly speaking, they are not very different from those released in July last year at the time of the mid session Budget review.

The main differences are that unemployment is predicted to be lower over the next six years, and so too are inflation and interest rates. It is easy to justify the healthier employment picture but many private economists would argue that recent history would lead us to expect both interest rates and inflation to be rising over the next few years, especially if growth continues with the vigour the Administration is predicting.

In the view of economists such as Griggs and Santow of New York, the predictions are "very unrealistic." One has to go back to the inflation-free 1960s to find as sustained a period of economic growth as the one the Reagan Administration is anticipating, roughly 4 per cent a year until 1989.

As Mr Rudolf Penner, director of the Congressional Budget Office, pointed out recently, in the seven years following the trough in the fourth quarter of 1970, real economic growth was only 3.6 per cent. Since 1979 it has been only 3.1 per cent. He warned that basing projections on the 4 per cent average of the six post-war economic recoveries may be optimistic since "economic growth has been slower in advanced countries generally and some economists believe that the conditions that gave rise to the rapid growth of the 1950s and 1960s are no longer present."

U.S. ADMINISTRATION ECONOMIC ASSUMPTIONS (%)

	1984	1985	1986	1987	1988	1989
GNP growth (4th quarter to 4th quarter)	4.5	4.0	4.0	4.0	4.0	3.7
Inflation rate	5.0	4.7	4.4	4.1	3.8	3.5
Unemployment (annual average)	7.8	7.6	7.3	6.8	6.1	5.7
Treasury bills (91 days)	8.5	7.7	7.1	6.2	5.5	5.0

An important threat missing from both official and unofficial projections is the strong possibility that the U.S. will suffer another recession before 1989.

Ms Alice Rivlin, the respected former director of the Congressional Budget Office who is now with the Brookings Institution, is one of several economists who are warning that the danger of waiting to tackle the budget deficit is that the expansion of the economy may not last until 1985. Mr Volcker has also warned against delay.

Washington officials prefer not to discuss openly the impact of a recession on their budget projections. Depending on its timing and magnitude, a recession would tend to boost the deficit to new peaks and make the task of tackling it doubly difficult, because budget cutting when the economy is already slowing, say in 1986, would tend to push economic activity down even further.

In spite of the obvious risks, several factors help to account for the President's reluctance to propose either major spending cuts or specific revenue raising measures in the 1985 budget. One is political realism.

Most of the $8.4bn of reductions in programmes such as care for the aged, education, and mass transit expected in the budget are almost identical to the cuts asked for this time last year, which were subsequently rejected by Congress. The Administration's decision to resubmit them is seen as an act of political symbolism in an election year.

The chances of Congressmen voting to curb their constituents' benefits or raise their taxes are very low. The President is calculating that he has little to gain from proposing bold initiatives, especially since they will do nothing to improve the budget prospects before the election.

True to its political convictions however, the Administration is expected to propose continuing big increases in defence spending although how big is apparently still not settled. Mr Caspar Weinberger, the Defence Secretary, has already called for a rise of around one fifth in defence appropriations to $305bn and actual spending may be projected to rise by a similar amount to around $266bn. Congressional leaders have been making it plain that they will seek to trim a big increase.

Some in the Administration hope that by not proposing specific measures for cutting the deficit now, they will give the President greater freedom, assuming he is re-elected, to tackle the deficit in the way he wants later, with more emphasis on cutting spending rather than raising taxes. The assumption is that Congress will move swiftly to tackle the deficit after the election.

For the administration, with the economy performing well and the deficit continuing to provide an economic stimulus and not likely to create serious problems before the election, a "stand pat" strategy makes sense.

Congress will have its last chance to take the initiative in April, when legislation will again be needed to raise the federal debt ceiling. But rhetoric rather than action is to be expected. By then the deafening rumble of the approaching election campaign will be drowning out the warnings about the trouble being stored up through the administration's policy of spending too much and taxing too little.

Brazil loan signing may be delayed

By Peter Montagnon, Euromarkets Correspondent

BRAZIL may be unable to sign its $6.5bn (£4.7bn) loan from commercial bank creditors as planned next Monday because of a continuing shortfall of subscriptions from some of the smaller banks involved.

The total committed has been creeping up slowly but still stands at only around $6.37bn. Many banks which have subscribed are insisting that all other creditor banks put up their share of the money before the loan is signed.

Yesterday in Brazil Sr Alfonso Pastore, the country's Central Bank Governor, issued a statement reaffirming the need for all creditors to subscribe their share. Larger creditor banks would not make up any shortfall in loan commitments, the statement said.

Pressure is thus being maintained on small banks to agree to the loan. It is understood that this has already borne some fruit in the Middle East which was previously a stumbling block. But there continue to be pockets of resistance to the loan in countries such as Spain as well as from individual Latin American and U.S. regional banks, most of which have only a tiny share in the total amount sought.

Mexico inflation 80% last year

MEXICO'S rate of inflation was 80.8 per cent in 1983, down from 98.8 per cent in 1982, William Chislett writes from Mexico City.

The Government had originally hoped to lower inflation to 50 per cent, but changed its target to 80 per cent after deciding that it could no longer suppress price increases if it was to strengthen the parlous state of pubic sector finances.

The Bank of Mexico is now confident that it can halve inflation to 40 per cent this year since price increases will be less dramatic and it will continue to deploy a tight monetary policy.

A key factor behind the reduced inflation has been the remarkably disciplined trade union movement which allowed its wages to decline in real terms by about 25 per cent last year in order to help preserve jobs and a time of economic crisis.

U.S. bank failures 'could continue at rate of one a week'

BY WILLIAM HALL IN NEW YORK

A TOTAL of 48 U.S. banks failed last year, and the Federal Deposit Insurance Corporation (FDIC), which insures the deposits of America's 14,000 plus banks, expects bank failures to continue at the current rate of roughly one a week in the early part of this year.

In adition, the FDIC has 631 banks on its problem list, currently equivalent to 4.3 per cent of all U.S. banks. This is nearly double the number on the list at the end of 1982.

The percentage of banks considered sound has fallen from 91 per cent to 86.6 per cent, according to the FDIC.

Most of the casualties were based in small communities. The problems in the energy sector and the farming industry were the two main reasons for failure. The high rate of failure indicates that although the U.S. economic recovery is entering its second year, there are still sectors of the economy where the recession is biting hard.

Although the number of 1983 failures was a post-war record, the sums of money at risk were almost certainly smaller than the $9.9bn covered by the FDIC in 1982, when several large mutual savings banks were closed.

Almost 670 banks have failed since the FDIC opened. Only 1 per cent of depositors have lost their money, since the agency effectively insures both large and small depositors. It does this by transferring good assets and deposits to another bank and assuming the bad loans on its own risk.

Although the rate of bank failure has accelerated in recent years, the FDIC has been able to boost its own funds to more than $15.2bn and keep the premiums paid by banks for insurance to relatively low levels. Claims which totalled more than $1bn in 1982, are met from a combination of premiums for insurance and the earnings on investments.

U.S. BANK FAILURES

	No.	Deposits $m
1977	6	205
1978	7	854
1979	10	111
1980	10	214
1981	10	3,826
1982	42	9,908
1983	48	3,400*

* FT estimate.
Source: Federal Deposit Insurance Corporation

The banking agency ranks U.S. banks' soundness on a scale of one to five. Banks rated five are classed as those with an extremely high probability of failing. Banks ranked four are categorised as those with serous financial and operational weaknesses. These two categories cover the 631 banks on the FDIC's current problem list.

Vatican and U.S. upgrade diplomatic relations

VATICAN CITY—The Vatican and the U.S. have established full diplomatic relations, the Vatican announced yesterday. Vatican spokesman Father Romeo Panciroli said the upgrading of relations took effect from yesterday.

A Vatican statement said: "The Holy See and the United States of America, desiring to develop the already friendly relations that exist, have decided by common accord to establish between them diplomatic relations at the level of apostolic nunciature on the part of the Holy See and of embassy on the part of the United States of America, from today January 10, 1984.

Father Panciroli did not announce the name of the Vatican's Nuncio. Vatican sources said he is expected to be the current apostolic delegate to the United States, Archbishop Pio Laghi.

Washington is expected to announce shortly that President Reagan has named Mr William Wilson, currently Reagan's personal envoy to the Holy See, as Ambassador.

Diplomats described the move as the most important recognition of Vatican diplomacy since Britain re-established full ties with the Vatican in 1982 after more than four centures.
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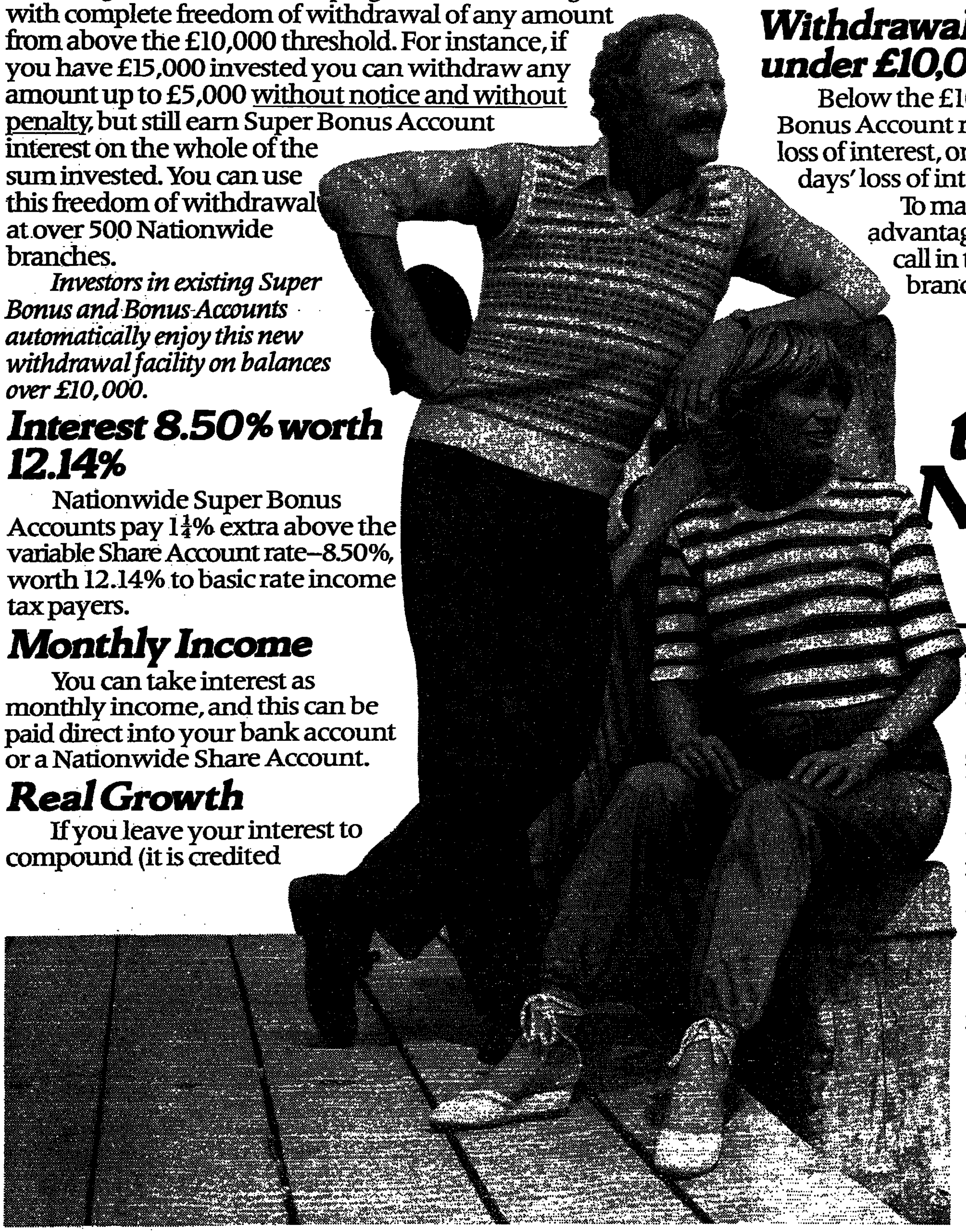

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OVERSEAS NEWS

Israel fails to resolve economic difficulties

By David Lennon in Tel Aviv

ISRAEL'S economic crisis appeared no nearer a solution yesterday following meetings which failed to produce agreement on a wage freeze, budget cuts or an end to the escalating strike in the Civil Service.

The country's economic problems also pose a threat to the coalition government, with several junior parties threatening to quit the Cabinet within two weeks if the problems are not brought under control.

Despite this, Mr Yitzhak Shamir, the Prime Minister, rejected a call from the leaders of the two largest junior coalition parties for an emergency meeting to discuss the economic problems.

The call was issued by the heads of the National Religious and Agudat Israel Parties which are worried by the Finance Minister's difficulties in persuading his Cabinet colleagues to cut their budgets.

A summit meeting between the Treasury, the trade union federation and the manufacturers' association to explore the possibility of agreement on a social contract to freeze wages, price and taxes ended with no sign of progress on this issue.

Mr Yigal Cohen-Orgad, the Finance Minister, said afterwards that it had been decided to encourage exports and economic growth and to prevent unemployment.

UK reaffirms Mideast policy

By Our Cairo Correspondent

BRITAIN'S Foreign Secretary, Sir Geoffrey Howe, yesterday completed two days of talks in Cairo with Egyptian President Hosni Mubarak, and other Egyptian leaders by reaffirming the UK's view that the Palestine Liberation Organisation (PLO) should be "associated" with negotiations to resolve the problems of the Middle East.

This view, which is similar to the June 1980 Venice Declaration, agreed by all the EEC countries, will be welcomed by the Egyptian Government.

Sir Geoffrey met President Mubarak for an hour before leaving for Saudi Arabia, the next stop on his Middle East tour.

Nigeria seeks delay in IMF talks

BY MICHAEL HOLMAN IN LAGOS

NIGERIA has asked for a postponement of the critical talks with the International Monetary Fund (IMF) on a $2bn three-year extended financing facility, officials said in Lagos yesterday. The talks were due to begin on Monday.

But the officials emphasised that Nigeria intends to pursue the negotiations for the loan—seen as vital to the country's economic recovery—as soon as the Commissioner (Minister) for Finance has been appointed by the military government, along with the rest of the Cabinet. The reason for the delay is to give the Minister and the Cabinet time to prepare.

No firm new date has been set, but Gen Muhammadu Buhari, Nigeria's military leader, is expected to announce appointments to the Federal Executive Council (Cabinet) by the end of the week.

Representatives of the banking "troika" advising the Nigerian Government began talks yesterday with senior officials, including the Governor of the central bank, Alhaji Abdulkadir Ahmed.

The bankers, from S. G. Warburg, Lazard Freres and Leham Bros., Kuhn Loeb, also met the Permanent Secretary in the Ministry of Finance, Alhaji Abubakr Alhaji.

Among subjects thought to have been raised is the response from the export credit agencies of major trading partners to Nigeria's proposal to refinance trade arrears, formally set out last month.

As what amounts to a purge of the former civilian administration continues on a massive scale—though without violence or bloodshed—the first notes of concern are appearing in the Nigerian Press.

The government's appointment as military governors of men from their home states has been strongly criticised by at least two prominent newspapers on the grounds that locals will be more susceptible to pressure from vested state interests than outside appointees.

Although the mood of the country, and press comment itself, remains overwhelmingly in favour of the coup, one worry is that the new administration may prove to be unduly cautious in policy making and overly reliant on allegedly discredited figures from past military regimes.

In a front page editorial yesterday, the Punch newspaper, the second largest in the country, warns: "The new military administration should never take the people's enthusiasm for granted. First, it does not promote Nigerians' preference for the army in relation to civilian rule.

"Neither," the editorial continues, "did it show that Nigerians have swallowed hook, line and sinker the records of the first 13 year interregnum (military rule) which . . . was not outrightly devoid of its own record of bungling."

It goes on to describe moves to bring back a former Permanent Secretary in the old military regime as "a downright disaster." The man had close links with the ousted Shagari Government, the newspaper says, and any decision to appoint him would be "a mad-eye exercise to plant a time bomb which when it eventually explodes will destroy people's confidence in the new government."

The editorial reflects a concern among Nigerians that the country's powerful establishment, despite the loss of many of its prominent members since the coup, will continue to run the country in a fashion not radically different from before.

One local columnist, who describes General Buhari's Government as "more of a corrective regime than a revolutionary one," says that "this administration has to properly watch and watch over the majors and lieutenant-colonels in the army. For therein might lie the seeds of radicalism."

The coup is widely seen as having been a pre-emptive move by senior military men to forestall growing dissatisfaction in army and airforce ranks which, if left unchecked, would have led to a junior officers' coup with unpredictable consequences.

Last of the Bhuttos leaves Pakistan

By Mohammed Aftab in Islamabad

MISS BENAZIR BHUTTO, chairman of the Pakistan People's Party and the most significant opponent to military rule in the country was freed from detention yesterday and flew to Paris to join her cancer-stricken mother.

The move could signal the virtual end for the Bhutto family in Pakistani politics, at least for the time being.

It could also pave the way for talks between President Zia ul-Haq and the more pliable PPP members for a return to limited civilian rule in Pakistan.

President Zia has consolidated his grip on the country in recent weeks following the apparent collapse of the protest movement against military rule.

The government allowed Miss Bhutto, to go abroad for treatment of a severe ear infection, which could cost her hearing says her doctor. Government officials said the permission was granted on a request by Miss Bhutto.

Begum Nusrat Bhutto, aged 54, widow of the executed Prime Minister Zulfikar ali Bhutto, has been in Western Europe since November, for cancer treatment. Two Bhutto sons, Murtaza and Shahnawaz have lived abroad for the last few years, co-ordinating opposition to the Zia regime. They cannot return to Pakistan where they face terrorist charges.

With Miss Benazir's departure the PPP is left with moderates, who may not present an insurmountable barrier for the government, of Gen Zia.

Before leaving for Paris, Miss Benazir said: "The struggle for which the Pakistan Peoples Party stands will go on." One of its pledges is the removal of the present martial law regime, now in its seventh year.

She did not say if, or when, she may return.

Political observers still consider PPP to be an important, though, declining influence in the Pakistani politics where most other parties are too small and fractious.

Discussions on security paramount, Botha says

S. Africa and Mozambique can patch up relations

BY BERNARD SIMON IN JOHANNESBURG

MEETINGS TO be held between South African and Mozambican officials next Monday will give the two neighbours their best opportunity in years to patch up relations over a broad front.

Mr "Pik" Botha, South Africa's Foreign Minister, said last Monday that delegations from both countries, meeting in Pretoria and Maputo, will discuss security issues, economic relations, the Cabora Bassa hydro-electric scheme and tourism.

Mr Botha confirmed yesterday that, from the South African point of view, the talks on security will be paramount, and it appears that the inclusion of the other topics is intended as little more than carrot to dangle before the Mozambicans, showing them what they stand to gain by delivering what Pretoria wants on the security front.

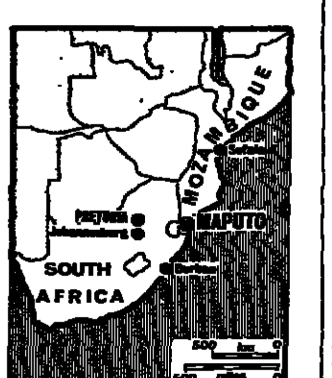
According to Mr Botha, "the achievement of our objectives" in these fields "will depend on the measure of success obtained by the security group."

The Pretoria Government has been twisting Maputo's arm to put a stop to activities by the African National Congress in Mozambique, which South Africans believe is still helping ANC guerrillas to filter across the border, usually via Swaziland.

Ideally, Pretoria would like the ANC presence in Mozambique to be as low-key as it is in Botswana.

It may be asking for more than Mozambique can deliver. Mozambican officials have insisted both publicly and in private that they forbid ANC operations from their territory, and that there is little more they can do to curb the organisation's activities. Already, ANC camps have been removed from the southern part of the country.

In exchange for watertight assurances of less support for the ANC the South Africans would probably scale down their backing for rebels of the right-



wing Mozambique Resistance Movement (MNR) which has become increasingly active in recent months, especially in the central regions.

South Africa is likely to propose restoring some of the commercial ties which have been loosened since Mozambique's independence in 1975. A government official confirmed yesterday that discussions on the economic front are likely to centre on transport links and labour.

Mozambique's shortage of foreign currency is a big obstacle to expanded trade links, and South Africa is in a position to offer extended trade credits.

Strikes fall sharply in Australia

By Michael Thompson-Noel in Sydney

RECESSION and high unemployment have led to a sharp fall in industrial disputes in Australia, giving hope of a temporary improvement in the country's damaged trade reputation.

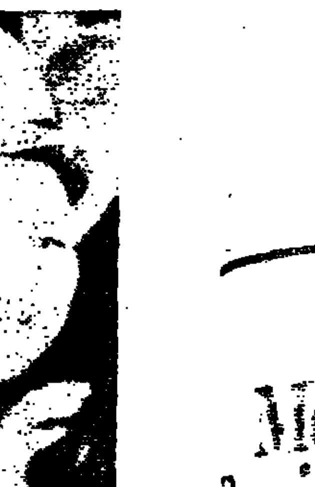
In the 12 months to last *October, 1.59m working days* were lost because of strikes—the lowest figure for a 12-month period since early 1978.

The economy is picking up, though improvement is most marked in the farm sector, with little indication yet of a sustained turnaround in business investment. However, the profits picture has improved greatly and the stock market is at near-record levels.

The number of workers involved in disputes in the 12 *months to last October* was 488,600, against 1.1m in the previous year.

The most dramatic improvement was seen in the coal sector, while the sharpest falls in strikes were seen in Queensland, New South Wales and Victoria.

1983: Zhao Ziyang (above) dons a lei in Hawaii at the start of his U.S. visit
1979: Deng Xiaoping (below) wearing 10-gallon hat during his tour



Chinese come out to play . . . maybe

By Alain Cass, Asia Editor

WHEN Den Xiaoping, China's leader, went to the U.S. in 1979 he wore a ten-gallon hat. It was a way of telling the world that China was again ready to come out and play after the trauma and introspection of the Cultural Revolution.

Since then a major row with the U.S. over Taiwan, a tussle over economic priorities and a counter offensive by Mao Tse-tung's followers against Deng's pragmatism turned the 'march towards a modern China into a hard, uphill slog.

This week Zhao Ziyang, China's Prime Minister and one of Deng's apostles of the open door, is in Washington. He flew *there from Peking and Hawaii* where he drank pineapple punches and watched grass-skirted dancers shimmying in the tropical sun.

Influence

Back at home, the "anti-spiritual pollution" campaign, aimed at eradicating Western influence on Chinese lifestyle, is (officially) over. It has been replaced by a "rectification" campaign in the party (for which read purge) the chief aim of which appears to be the removal of the last middle and junior level Left-wingers in the bureaucracy and the army. Zhao will therefore tell President Ronald Reagan that China, is finally ready to do business with the West.

Xhao will be signing a symbolically important agreement on industrial co-operation following the recent lifting of the ban on exports of U.S. high technology to China. How to tap American capital and technology without either offending Left-wing zealots at home or becoming hostages to foreign multinational companies is a major preoccupation for the Chinese leadership.

In addition to purging the administration of Luddites, Xhao can point to distinct, if modest, improvement in China's overall economic performance and, most important, the efficiency of its administrative structure.

Peking's gradually improving statistical machine, granted, only a rough guide to real performance, indicates that in 1983 industrial growth was healthy, energy output grew, harvests were good, while foreign exchange and debt management showed sensible restraint.

Vice-Premier Yao Yilin, in his end-of-year report, revealed that grain output in 1983 grew by nearly 6 per cent over the previous year, industrial production by 10 per cent, while foreign trade again registered a surplus.

Forecast

Yao forecast a 4 per cent rise in agriculture and a 5 per cent rise for industry this year, while retail sales, which reflect the improvement in the standard of living, would grow by 8 per cent. This year's surplus on the current account of the balance of payments could reach $5.6bn.

Zhao, who will be seeing Mr Tom Clausen, President of the World Bank today is also likely to point to China's $14bn in foreign exchange reserves and a minimal $3bn external debt burden as he argues that China is on the launching pad for sustained growth and the introduction of foreign technology.

The World Bank is sending its second major mission to China later in the year and is forecasting that lending to Peking—currently around $1bn—would climb to $2bn a year by the second half of this decade.

The Bank has been favourably impressed by the decentralisation of economic management and the rural reforms which have generated a quiet revo*lution in the countryside.*

In reality, however, the way *forward for China's lumbering* economy is strewn with problems.

On the industrial front nothing seems to stop runaway investment in heavy industry. In the first nine months of last year light industry grew by 7.5 per cent while heavy industry swelled by 12.7 per cent over the same period in 1982 despite sustained efforts to reverse this trend.

A Maoist penchant for steel rather than television sets combined with the feudal nature of the Chinese planning system means that heavy industry will almost certainly devour more than its fair share of funds, manpower and scarce energy resources for years to come.

China's foreign exchange position, healthy as it may be on paper, also reflects continued indecision on whether to open the Chinese economy to foreign technology and, if so, at what pace. Peking's low level of foreign debt is partly a reaction to the *problems* of countries like Brazil and Poland. "We will always be cautious," said one Chinese banking official. "The present situation has made us think carefully."

Priorities

Chinese officials concede, however, that it is taking longer to agree on economic priorities in Peking than Deng and his acolytes would like. "We also have insufficient infrastructure to support big capital imports at present," said one official.

The direction of China's trade has also been oddly erratic in the past year, and, in all likelihood, affected by political factors. In the first nine months of last year, for example, Chinese imports from the U.S. dropped 40 per cent over the previous year, while exports across the Pacific also fell. This, no doubt, partly reflected the strength of the U.S. dollar but was chiefly the result of the row over Taiwan.

Trade between the mainland and Hong Kong, on the other hand, shot up, reflecting a conscious effort on Peking's part to draw the colony into a closer web of relationships as 1997 and the likely end of British rule approaches.

The biggest question mark, however, is over the political struggle between the pragmatists (not to be confused with liberals of which there are few in China) such as Deng and *Left-wingers who cling to Maoist* dogma.

Pollution

The spiritual pollution campaign predictably swept up both *the good and the bad;* the corrupt and those who merely became the objects of envy as their jobs brought them into greater contact with Westerners and their lifestyle which is both despised and coveted in China. The powers that be in Peking have decreed that the campaign should now stop. There were increasing fears that it represented a major shift in China's recently warmer attitude towards the West.

*If it does prove to be tran*sient and the party purge now under way is short and effective, then the renewed warmth in Chinese/U.S. relations may signal that China is slowly moving towards modernisation. It is, however, still a very big "if."

WORLD TRADE NEWS

ALCAN FAILS IN CHALLENGE TO CALIFORNIA LAW

U.S. unitary tax appeal rejected

BY NANCY DUNNE IN WASHINGTON

OPPONENTS OF unitary taxation have been baulked once again in efforts to fight the controversial state tax practice through the U.S. Supreme Court.

The court, ignoring complaints from a dozen nations, on Monday refused to consider the appeal of Alcan Aluminium of Canada, which had sought permission to challenge California's unitary tax in a federal court.

California and 11 other states compute the tax liability of foreign-owned business by taking a percentage of the worldwide profits of a company, rather than a percentage of the profits earned in the state.

By rejecting Alcan's appeal, the court took a "state's rights" view consistent with the emerging consensus of the 20-member Treasury working group appointed by President Ronald Reagan.

The working group, headed by Mr Donald Regan, Treasury Secretary, agreed last month to search for a solution short of federal legislation.

In doing so, it disappointed the international business community, which has been pushing for Congressional legislation banning unitary taxation of foreign affiliates investing in the U.S.

Several governments have said they will consider retaliatory moves against U.S. companies if the practice continues.

Last term, the Supreme Court authorised the use of unitary taxation of U.S. corporations with subsidiaries overseas. However, it did not deal with the question of taxing foreign corporations with U.S. subsidiaries. It avoided the issue again yesterday.

The Canadian company had sought to prove that unitary taxation of foreign affiliates is unconstitutional as well as a violation of a commerce treaty between the U.S. and Canada. If it wants to continue to press its suit, Alcan must do so in a California state court.

A Treasury task force that advises the working group is expected to discuss solutions to the controversy.

Norway lifts alloys output

By Fay Gjester in Oslo

IMPROVED WORLD demand led to a marked rise in production and output last year by Norway's important ferroalloys industry, and the producers' association is confident that 1984 will be another good year.

Output value, estimated at over NKr 3bn ($384m), showed a real increase for the first time in several years, and volume is expected to be about 18 per cent higher than in 1982, at around 770,000 tonnes. Virtually all output is exported. Main markets are the EEC, EFTA (the European Free Trade Association) and Japan.

Opec market panel to meet on February 10

BY DOMINIC LAWSON IN LONDON

THE Organisation of Petroleum Exporting Countries' (Opec's) market monitoring committee is to meet on February 10, in an attempt to plot a course for the organisation through the tricky spring period.

Sr Arturo Hernandez Grisanti, oil minister designate in the new Venezuelan Government, said that the committee would decide at the February meeting whether an extraordinary conference of Opec was needed.

Sr Grisanti's statement comes at a time of growing problems of supply for Opec. Last week the International Energy Agency in Paris revealed that Opec members in the last quarter of 1983 had continued to produce at a rate of 18.8m barrels of oil a day.

That is well above the official Opec production ceiling of 17.5m b/d.

Opec is anxious to avoid a repeat of the events of last spring, when an excess of oil stocks resulted in a $5-a-barrel cut in the official Opec price.

American Can sells factory

By Maurice Samuelson in London

AMERICAN CAN (UK) has sold its metal drum factory in Britain to a consortium which includes its current and former senior executives.

The Liverpool plant, which trades under the name of Reads, mainly makes 45 gallon drums for the oil and chemicals industries. Some 400 people are employed there.

American Can, one of Britain's major manufacturers of open top beverage cans, said it had sold Reads because it no longer felt that drum-making was part of its strategy.

Crossair sets course for further expansion

BY JOHN WICKS IN ZURICH

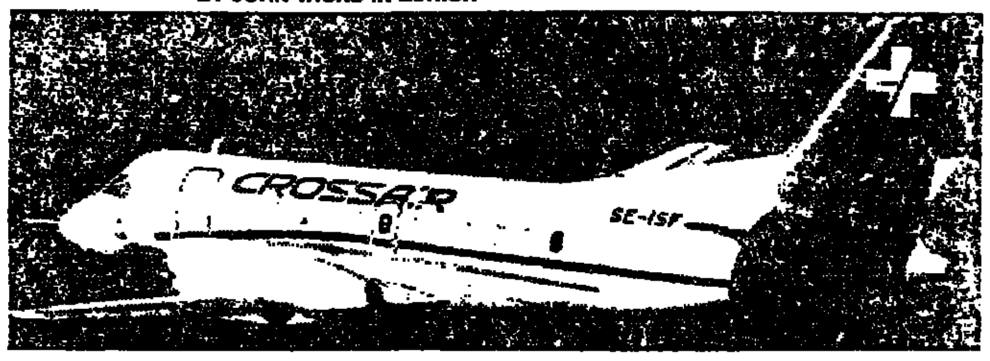
AT A TIME when most airlines are happy if they can hold their own, success stories like that of Crossair are few and far between. In only four years, the former Swiss air-taxi company has become the leading European operator of "regional" flights and has just doubled its capital to finance a 100 per cent expansion in capacity.

In 1975, Business Flyers Basel was set up with a capital of SwFr 115,000 ($51,570) as an air-taxi, charter and pilot-training company based at the Franco-Swiss airport of Basle-Mulhouse. Headed by Mr Moritz Suter, its founder, the company quickly turned itself into a scheduled airline

Renamed Crossair, the airline bought its first two 18-seat Swearingen Metroliners and in July 1979 opened up services between Zurich and Nuremberg, Innsbruck and Klagenfurt. A few months later a Zurich-Luxembourg flight was started and in the summer of 1980 a service linking Zurich, Berne and Paris, as well as a direct flight between Zurich and Hanover, were introduced.

By the winter of 1981 Crossair was flying between the Swiss cities of Zurich, Berne, Lugano and Geneva, and a total of eight foreign destinations.

It was at this stage in its development that Crossair struck a deal with Swissair, the Swiss national airline, involving route swaps and other services. From trading arrangements laid down in the spring of 1982, Crossair pays Swissair around SwFr 3m a year for baggage handling, reservation and catering services.



The Saab-Fairchild 340 Cityliner: major key to improved trading margins

The agreement with Swissair has allowed Crossair to keep in the black during a difficult trading period. On the one hand, Swissair guarantees Crossair a certain income on the important Basle-Brussels route. Swissair also picks up much of the tab for Crossair's Basle-Zurich and Basle-Geneva flights and those from Zurich and Geneva to Strasbourg. In return Crossair has undertaken to restrict its operations to those with aircraft of 40 or at the very most 50 seats.

Last October Crossair was granted a permanent concession by the Swiss authorities. Hitherto, it had been working on a provisional concession. It has proved both that it can operate profitably, with cash-flow equal to 21.6 per cent of turnover in the first nine months of 1983, and that it serves a need. For the current year, Crossair will probably register 200,000 passengers.

The permanent concession means that the company, which already belongs to the European regional airlines' body, ERA, and a number of IATA agreements, will now be able to join IATA as a full member. This is very important. Apart from the fact that it is far from being a U.S.-style cut-price commuter service, Crossair depends largely on inter-line passengers; on some routes, 90 per cent of all business is accounted for by connection travel.

At present, Crossair serves five Swiss and 10 foreign destinations—from Amsterdam in the north to Venice in the south—with a fleet of nine Metroliners, and a Cessna for charters. Its loss-making air-taxi service is being abandoned. The network has over the years been restructured as well as expanded and this has led to an upgrading of the minor Swiss airports, Basle, Lugano and Berne, and the dropping of such foreign destinations as Vienna, Rotterdam and Maastricht.

The airline is planning to more than double its total capacity by the end of 1985. To replace the nine 18-seat Metroliner III aircraft, Crossair ordered 10 Saab-Fairchild 340 Cityliner aircraft—the first airline to take the plane.

To finance part of this $45m purchase, capital was last month doubled to SwFr 50m by a rights issue plus the sale of SwFr 6.25m worth of registered and bearer shares

One major key to improved trading margins in future lies with the new fleet. The Cityliners will have a seating capacity of between 31 and 34 and will reduce Crossair's break-even point on flights dramatically.

WORLD TRADE NEWS

Java hydro-electric orders may still go to Balfour Beatty

BY CHRIS SHERWELL IN JAKARTA

HOPES are rising that an Anglo-Swedish consortium, with the financial assistance of the British and Swedish Governments, has saved contracts for a 180 MW hydro-electric scheme in Central Java worth at least $350m (£250m).

The scheme, involving Balfour Beatty of the UK and Skanska and Asea of Sweden, was one of 47 capital-intensive projects "rephased" by the Jakarta Government last year under an austerity policy designed to counter the impact of falling oil revenues of Indonesia's balance of payments.

The battle to save the contracts began immediately because work on the project at Mrica was already well under way. The strongest public hint of success came on Monday when President Suharto, in his budget speech, stated that the scheme would continue.

It is understood that the terms of the original financial package have been softened to the point where Government-to-Government agreement has been reached after discussion at the highest levels.

Previously, the major part of the work was to be done under a £127m loan insured by the Export Credits Guarantee Department, and there was some *£12m on concessional terms*.

Details of the new package have not been revealed, and a team from the Anglo-Swedish consortium is now in Jakarta to try to conclude agreement with PLN, the state electricity company.

A senior executive from Balfour Beatty is also accompanying Mr Norman Lamont, Minister of State for Trade and Industry, who is visiting Jakarta this week and will meet Government Ministers.

Balfour Beatty, part of the BICC group, had been awarded an £80m contract for civil engineering work on the project, while another British company, Boving, secured a contract worth about £31m for supply and installation of turbines, water control equipment and gates.

A third UK company, Engineering and Power Development Consultants, was contracted to do design work along with Sweco of Sweden.

Joan Gray, Construction Correspondent, reports: Costain Australia Ltd, which is two-thirds owned by the British Costain Group, has won a £52m construction management contract for the first phase of the South Yarra development in Melbourne.

The £260m development will include two apartment blocks, an office tower, motel, shops and leisure centre. Main developer is the Jack Chia group of Australia.

Work will start in April and *stage 1 is due to be completed late in 1988*.

Costain Group's chief executive, Mr Peter Costain, who used to run Costain Australia, said this was the largest construction management contract the company had won in Australia so far.

Sweden's anti-sub deal

SWEDEN is turning to British technology in its attempts to foil Soviet submarine incursions into its territorial waters.

The Royal Swedish Navy has ordered several anti-submarine tracking systems from Marconi Avionics of Rochester, Kent, in a bid to detect any future incursions more accurately.

There have been several suspected Soviet intrusions in the waters off Sweden's east coast since 1980, including the incident in 1981 when a Soviet submarine ran aground.

Although depth charges have been dropped during later incidents, Sweden has failed to catch any Soviet submarines within its *waters and force them to the surface*.

Marconi will not disclose how much the order is worth, but the new systems being bought are part of a reported £40m ($56m) being spent by the Swedes on improving their detection and weaponry against submarines.

The Marconi systems are already in use with the Royal Navy, which has fitted them in its Sea King anti-submarine helicopters. **Agencies**

UK groups shortlisted for Indian port project

By John Elliott in New Delhi

TWO GROUPS of British civil engineering contractors are being invited to tender next month against world-wide competition for the first $175m (£116m) stage of the $600m Nhava Sheva port construction project in the Indian port of Bombay.

Pauling and Costain have joined up to form one consortium with Afcons of Bombay as the local contractor. The other group is led by Taylor Woodrow and includes Christiani and Nielsen and an Indian contractor, Hindustan Construction.

The project is one of the largest civil engineering tenders invited internationally by India, and 14 groups of contractors have been shortlisted out of over 30 applicants. They are being informed this week that they have been chosen.

Strong competition is expected for the work because of the world-wide recession.

The project has been delayed for a year, partly because differences of opinion, involving the World Bank, over the necessity for a new port at Bombay, the work has been scaled down slightly, mainly involving small reductions to the lengths of berths.

The Indian Government is expected to negotiate an agreement with the World Bank for aid of more than $200m soon. Meanwhile, tenders are to be invited at the beginning of next month with a closing date in April so that the contract can start after the monsoon in October.

The work involves some 1,800 metres of docks, 1m sq metres of road and paved areas and about 10m cu ft of earth work.

In addition to the UK companies, the other groups shortlisted and invited to tender are: Hyundai of Korea; Mitsubishi together with Mitsui of Japan Brown and Root of the U.S.; Archirodon of Greece with Bechtel of the U.S.; Interbeton of the Netherlands; AB Skanska of Sweden; Hochtief Aktiengesellschaft; Strabag Bau also of West Germany; Dumez Travaux Publiques, Société Générale des Entreprises of France, and Impregilo of Italy.

Only some of the groups have linked up with Indian contractors so far.

Ottawa is to seek Gatt help in resolving its dispute with the EEC

Canada takes hard line on newsprint

BY PAUL CHEESERIGHT IN BRUSSELS

THE Canadian Government intends later this month to open a new round of consultations with the EEC on the question of its access to the newsprint market of the Ten.

But the consultations will have a different flavour from those which failed to resolve the problem last year. They will take place within the framework of the General Agreement on Tariffs and Trade (Gatt) disputes procedure.

Canada will shortly suggest a date for talks under the terms of Gatt's Article 23. This is the first stage of a procedure which, if followed to the bitter end in the absence of agreement, could lead to the establishment of a Gatt adjudication panel.

The dispute concerns the rights of Canada to have access to the EEC newsprint market under the terms of a 1973 Gatt agreement. The Canadian Government believes that its Gatt rights have been impaired by the new arrangements proposed by the EEC.

These arrangements follow on the establishment since the beginning of the year of a completely duty free zone for newsprint embracing the EEC and the European Free Trade Association.

With Nordic producers having open access to the EEC market, the problem is to decide the level of Canadian access. In Gatt terms, this boiled down to interpretations of the legality of the 1973 agreement.

At that time, the EEC bound itself in the Gatt to allow duty free access to newsprint from outside suppliers of 1.5m tonnes.

From the Canadian point of view, this figure is one which *has* been negotiated and paid for. For the EEC, it is reasonable that the overall figure for imports should be reduced to take into account the free access of the Nordic producers.

EEC Foreign Ministers have suggested that Canada's duty-free access quota should be 500,000 tonnes for 1984—a figure Canada rejects as inadequate. Its 1981 sales in the EEC were 716,000 tonnes and in 1982 they were 686,000 tonnes.

The differences between the two sides at one stage was between 100,000 and 200,000 tonnes as figures floated around the 600,000-700,000-tonne mark. But the lack of progress in the talks, described as tough but *not strident, has pushed both* sides back to their opening positions.

Thus, the EEC has calculated that Canada takes roughly a quarter of the newsprint export market and should therefore have a quota of about 375,000 tonnes. Canada's demands have been put at over 900,000 tonnes.

But the major difficulty in resolving the arguments may not in fact be the actual tonnage, but two other factors.

Canada wants the tonnage figure to be topped with a provision for 2 per cent growth a year. The EEC, seeing the expansion of capacity in the UK, West Germany, the Netherlands, Finland and Sweden, doubts whether the *market can* absorb extra Canadian sales as well.

Then there is the question of waterlining the newsprint—a technical EEC requirement *which has not been formally* demanded in recent years.

Canada wants this dropped, seeing it as tantamount to a non-tariff barrier, although it is acknowledged that waterlining no longer presents the technical problems it once did. But if it is to be dropped, the EEC will want Canada to pay a price.

Pacific Rim trade bloc sought

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, the Australian Prime Minister, is keen to encourage exploratory talks on the formation of a Pacific Rim trading bloc, and is expected to canvass the idea during an 18-day Asian tour starting on January 29.

Mr Hawke will visit Japan, China, South Korea, Hong Kong, Singapore and Malaysia.

Dr Ross Garnaut, Mr Hawke's principal economic adviser, and Mr John McDonald, a senior official at the Department of Trade, are already in Asia, testing likely reactions to the Australian initiative.

This reflects the Labor Government's determination to concentrate on forging a regional role in economic and foreign policy. The reaction of Japan, which easily dominates trade in the western Pacific, is expected to be crucial to the Hawke plan.

Mr Hawke's hope is that Singapore, Malaysia, Thailand, the Philippines, Indonesia, Japan, South Korea, Hong Kong and New Zealand, with the smaller pacific nations, can be encouraged to join Australia in taking a unified line at the 1987 round of multilateral trade negotiations proposed by the U.S.

Textiles and farm products *are regarded as easy starting* points for regional trade negotiations.

However, the political, cultural and economic features of the western Pacific are so diverse that a regional trading bloc may remain a pipedream for years to come.

Sanyo to market VCRs in U.S.

OSAKA.—Sanyo Electric will start to market 8mm video systems in the U.S. possibly by *the end of this year*, the company announced yesterday.

The 8mm video system is regarded as the next-generation video cassette recorder (VCR) with sound and picture quality superior to conventional products.

Mr Kaoru Iue, president of the electric appliance maker, said two models of the video system — portable and fixed types—will be exhibited at an electronics show now under way in Las Vegas to assess American consumers' reactions.

Sanyo will become the first Japanese appliance maker to market 8mm video systems in the U.S. under its own name.

Two other major makers, Matsushita Electric and Hitachi, plan to export their own 8mm video camera systems to the U.S. for marketing from this summer under the brand names of American manufacturers—Eastman Kodak and General Electric (GE) in the case of Matsushita, and the RCA Corporation in the case of Hitachi.

Sanyo's decision has apparently been prompted by the export plans of Matsushita and Hitachi.

In the future, VCR systems are predicted to be dominated by 8-mm systems, which are much *smaller in size and lighter in* weight than conventional VCRs.

Sanyo does not want to be outdone by its rivals.

Sanyo said prices and production levels remain to be decided. **AP**

Philippines 'to expand trade with China'

PEKING — China has agreed to expand trade with the Philippines, Mrs Imelda Marcos, First Lady of the Philippines, said at the end of *a four-day* economic mission.

Mrs Marcos signed three agreements with the Chinese, including a memorandum in which both countries agreed to strive for expanded annual import and export volume totalling $500m (£357m), both sides reported.

Mrs Marcos came here as the special envoy of her husband, President Ferdinand Marcos, to ask the Chinese to boost their purchases of sugar, coconut oil, and other commodities, to offset her country's debts.

Figures for 1983 trade volume were not immediately available but a Philippine embassy spokesman said $500m was an important expansion.

There was no word on whether the Chinese agreed to buy Philippine Treasury bonds, reportedly another of the main purposes of Mrs Marcos' trip.

AP

Renault and Citroen win E. German contracts

By Paul Betts in Paris

RENAULT and Citroen have both won orders for machine tools and flexible manufacturing systems from East Germany worth a total of FFr 610m (£50m). The machine tools are to be used for the production of industrial vehicle engines in the East German *IFA engine plant* at Nordhausen.

Of the two French companies, Renault has won the larger order totalling FFr 450m. The company said yesterday its equipment would be used to manufacture a new diesel engine for industrial vehicles at Nordhausen.

Citroen, a subsidiary of the Peugeot group, said *yesterday* its order was worth FFr 160m and that it would start supplying the machine tools and flexible manufacturing equipment to East Germany next year. Production of the new engine is due to come on stream in 1986.

Separately, Peugeot, Renault and Volvo have also renewed their industrial co-operation venture on the V-6 engines they jointly develop for their top-of-the-range passenger car models.

The engines are produced at a plant at Douvrin in northern France.

Since 1974 the plant has produced nearly 500,000 engines which equip Peugeot's 604.GTI model, Renault's 30 RTX model, the Alpine Renault A 310 and Volvo's 760 GLE.

AP-DJ adds from Toronto: Massey-Ferguson has arranged for its Perkins Engines Canada unit to distribute throughout North America a range of small diesel engines produced in the *People's Republic of China*, the company said yesterday.

Massey also said it will offer small generator sets and pump sets powered by the Chinese diesels.

Mr Victor Rice, chairman and chief executive of Massey, said the programme is important because it offers Perkins Engines Canada a "highly competitive range of new products, encourages our distributors and dealers in Canada and the U.S. to enter new markets, and is compatible with Canada's policy of developing bilateral trade relations with the People's Republic of China."

TECHNOLOGY

EDITED BY ALAN CANE

LASERS OFFER NEW POSSIBILITIES IN SEMICONDUCTORS

Light works for chip shops

By PETER MARSH

LASERS ARE figuring seriously in the plans of the people work*ing on the next generation* of semiconductor chips.

In two separate areas of work, researchers are using lasers to make either the chips themselves or the glass "masks" that are essential tools in the semiconductor business.

The research involving what are called excimer lasers is potentially the most exciting. As *a result*, semiconductor engineers think they may be able to produce new versions of densely packed chips, but without abandoning conventional manufacturing methods.

Work on making chips with excimer lasers started at IBM in the U.S.

With the technique, researchers at Britain's Rutherford Appleton Laboratory near Oxford have produced semiconductors in which the distances between adjacent circuit elements are as little as half a micrometre.

In today's generation of microchips, the comparable distance is no less than about 2 micrometres.

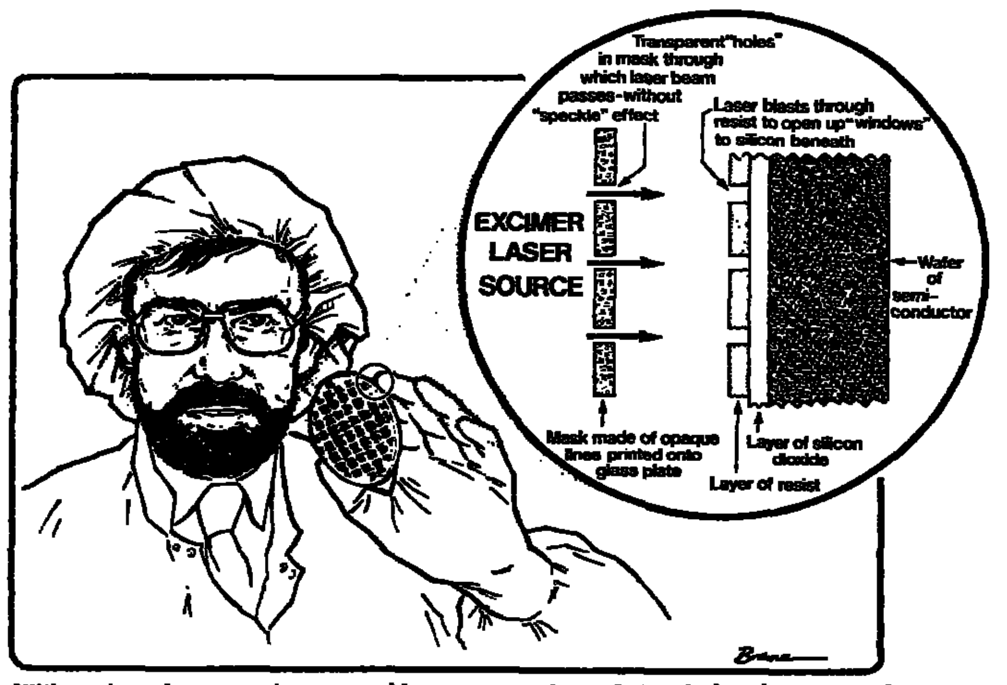
What is more, the British workers have achieved their success with tools very similar to those used in conventional semiconductor manufacture. The chief difference is that a laser, rather than an ordinary light source, prints a circuit pattern onto a semiconductor such as silicon.

In an unrelated development, a company in California called TRE Semiconductor is designing hardware in which lasers will write high-density patterns on the semiconductor masks used in the chip-making process.

Masks define the network of lines imprinted onto semiconductors to define their electronic characteristics.

IC Masks, a company in Warwick jointly owned by TRE and the chemical giant ICI, plans to turn out masks with the equipment by the end of this year.

The hardware developed by TRE uses a helium cadmium laser with a wavelength of 440 nanometres. A computer controls the laser so that it steers *beams onto a blank piece of* glass to define lines with a resolution of about 2.5 micrometres.



With excimer lasers, engineers can blast away sections of chemical resists to speed up chip manufacturing

In the electronics industry, engineers continually want to increase the power and the performance of their semiconductor chips. They must pack more circuit elements such as transis*tors into a chip a few milli*metres square.

This translates to a problem of increasing the resolution of the mesh of lines in circuit patterns. The lines define the places where the electronic characteristics of the semiconductor are changed by the introduction of "dopant" atoms.

In conventional semiconductor manufacturing, workers define the patterns by beaming at a semiconductor wafer a beam of visible light. The light first passes through a mask on which the mesh of lines has been printed.

*In a process akin to photo*graphic printing, the light changes the nature of a chemical resist with which the semiconductor is coated, transferring to this material the pat*tern from the mask*.

But the wavelength of visible light is too high to produce a mesh in which the distance between adjacent lines is less than about one micrometre.

In a bid to increase resolution, researchers have experimented with projections of X-rays which, because of their short wavelength, give denser circuit patterns.

Also, in some parts of the semiconductor producton process, engineers have turned to electron beams. Computer-controlled hardware *can* "steer" such beams directly onto chips without the use of masks.

Both these techniques suffer from severe drawbacks. X-ray machines require special masks which *are very flimsy and diffi*cult to handle.

At about £2m, compared with some £300,000 for optical production equipment, electron-beam machines are highly ex*pensive. They replicate* patterns onto chips at about one-tenth of the speed of optical hardware. And electron-beam machines require special resists, which are more com*plex than those for* the techniques which use light.

Researchers think that excimer lasers, which are based on rare gases such as argon, could eventually take the place of optical projection equipment. The hardware would use the same masks and resists as optical machines.

Moreover excimer lasers may make it no longer necessary to add chemicals to the resists to develop them, in a technique analagous to the development of photographic film.

Excimer lasers are relatively incoherent—their radiation is spread over a fairly wide range of frequencies.

As a result, when beams from these devices strike the lines in a semiconductor mask, they do not produce the interference or "speckle" patterns seen with conventional lasers. These are areas of fuzziness which prevent ordinary lasers defining very sharp patterns with the resolution required by semiconductor researchers.

The Rutherford Appleton Laboratory has taken up re*search* in excimer lasers over the past few months.

MULTIPURPOSE TRANSPORT FOR THE THIRD WORLD

On the track of a plywood and plastic trail-blazer

BY VICTOR TAPNER

THREE PROTOTYPES of a vehicle designed in Britain for production mainly in the Third World will set out on January 15 on a test journey from the Arctic to the equator. The 10,000-mile run marks the end of the vehicle's three-year development programme.

Designed by engineer and film maker Mr Anthony Howarth, the innovative Africar is built with a plywood chassis and body to reduce capital costs in comparison with the investment required to manufacture steel vehicles. Financial backing is being sought to take the vehicle into the first phase of production.

The Sweden-Kenya journey will be filmed as part of a Channel 4 television series on the history of transportation. The four-part documentary is being directed by Mr Howarth, who is also managing director of Deryne, the small London-based company that has developed the Africar.

The £350,000 prototype pro*gramme, undertaken at a plant* in Coalville, Leicestershire, has been financed with private capital and loans.

Deryne plans to set up a £7.5m plant in Wales to produce 2,500-5,000 *vehicles a year, of* which 50 per cent would be for export. This initial output is intended to stimulate overseas interest in the vehicle.

The company estmates that capital investment in the plant will be about £2.5m, with the rest of the funding coming in grants. Talks with the Welsh Development Agency have been "encouraging."

Overseas countries being studied for the setting-up of locally funded plants are Papua New Guinea, Australia and Kenya. A U.S. finance consortium is discussing the possible purchase for £2m of a 40 per cent stake in an international holding company which would control design and development rights.

Mr Howarth's idea for a form of multi-purpose transport grew during the planning of the Channel 4 series, which is to be screened later this year. The film will seek to show the failure of the motor car to serve countries with poor road systems.

The Africar concept was based on the following criteria:

● Production should be through a network of overseas plants operating under a franchise system. This would overcome the problem of import *restrictions on vehicles and kits* in countries with hard currency shortages.

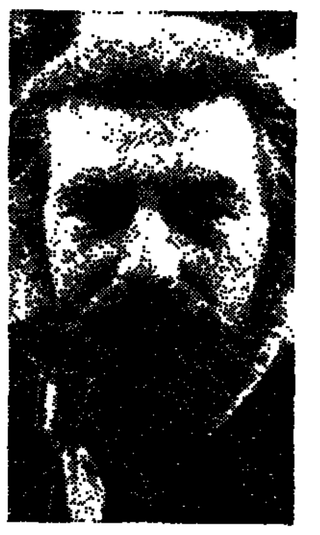
● Most components should be produced locally, ensuring supply continuity.

● *The vehicle should be light*weight but robust, economical to run and capable of travelling easily on or off the road.

● The design should allow for simplicity of construction in low-cost facilities that could be profitable with small output.

The Africar, which is also intended for manufacture and sale in industrialised countries, has been developed for either labour-intensive or automated production methods. Deryne envisages worldwide output of up to 200,000 vehicles a year.

The Africar's construction in plywood soaked with epoxy resin is a technique commonly used in boat and light-aircraft manufacturing. A £50,000 computer-controlled plywood *cutter would* be the central piece of machinery in a plant producing 5,000 vehicles a year. Apart from allowing low capital costs, the material was also chosen because of its avail*ability in the Third World*.



Anthony Howarth, md of Deryne

Strengthened with a steel roll-cage, the Africar is claimed to give at least as much passenger protection as a conventional vehicle.

The *utility design owes* much to the Citroen 2CV. Citroen engine-gearbox units have been used in the prototypes, but purpose-built engines and gearboxes are planned. These, like the rest of the vehicle, will have a minimum of imported components to facilitate local production.

Fuel consumption for the basic four-wheel-drive Africar model is claimed *to be 55 miles* per gallon lightly laden and 45 mpg fully laden. Cruising speed on tarmac roads is 65-70 mph.

The models will range from a pick-up with *an estimated* UK sales price of £5,500, to a 14-seater bus priced at £10,000-plus. Deryne estimates that the vehicles could be built in developing countries for sale at about half the UK price, but this would depend on taxation levels.

The "Africar" prototype under construction

Instrumentation

Low cost 'scopes to grow

ACCORDING TO a recent Frost and Sullivan report, boxed instruments like oscilloscopes and meters have been doing well at the lower end of the price spectrum, having managed a 13 per cent gain in the difficult 1982-83 period to $453m.

This category of instrument, which includes oscilloscopes with an upper frequency limit of 100MHz, is likely to achieve market growth of 16 per cent (constant money terms), reaching an annual value of $824m during 1987.

The F&S report indicates that the two most important product categories, 'scopes and digital multimeters, have "changed dramatically." The market emphasis has shifted from the home hobbyist to the local serviceman and industrial end user.

Low cost 'scopes will form the fastest-growing segment says the research company, with sales of $252m in 1983 nearly doubling by 1987 to $485m. Digital multimeters will enjoy the next best growth during the same four years, from $120m to $223m, a rise of 86 per cent.

Software

Integrated office

MULTICOMPUTER OF Maidenhead is now offering an integrated office management software package developed by Molecular Computer of San Jose, California to run on its SM200 system.

It is menu driven and includes word processing, spreadsheet and electronic mail. Called Atom, the package will be available next month for £950.

APPOINTMENTS

New chief at Steel Brothers

Mr Patrick E. Cooper will become chief executive of STEEL BROTHERS HOLDINGS from April 1, following the retirement of Mr David E. W. Thomas. Mr Cooper joined Steel Brothers in 1977 having been a director of Sime Darby Holdings and Clive Discount Company and was appointed group deputy chief executive in January 1978.

★

The FREDERICK PARKER GROUP, manufacturer of stone crushing and asphalt plant, has appointed Mr John A. Harper as a non-executive director of the main board. He is a main board executive director of Staveley Industries.

★

UNITED SCIENTIFIC HOLDINGS has made the following appointments to the boards of subsidiary companies: Mr William R. Meadows has been appointed managing director of Helio Mirror Co. He joined the group in October 1979 as managing director of Avimo Singapore (Pte). Mr Terry Bell has been appointed production director of Helio Mirror Co. He was previously employed by Oxonair Engineering Co. Mr M. Derek Cannons has been appointed managing director of Avimo Singapore (Pte). Previously he was deputy managing director of W. Vinten.

★

CAMERON MARKBY, solicitors, have appointed as partners Mr H. J. Waterman, Mr R. E. Topley, Mr A. L. R. Fincham and Mr N. W. Paul.

★

JOHN WADDINGTON has appointed Mr Anthony Brown deputy chairman and Mr Michael Abrahams to the board as a non-executive director. Mr Brown is a director of Baker Perkins Holdings and the chairman of subsidiary Rose Forgrove. He has been a director of Waddingtons since 1977. Mr Abrahams is chairman of Weavercraft Carpets and a director of Prudential Pensions.

★

RILEY LEISURE has appointed Mr Patrick Cravos to the board. He is managing director of Powersport International, a subsidiary of Riley Leisure.

★

Mr Charles Brown has been appointed a director and Mr Geoffrey Shepheard has been appointed company secretary of GIBBS INSURANCE HOLDINGS. Gibbs Hartley Cooper, the new name of Lloyd's insurance and reinsurance brokers, began trading on January 3. The board is: Mr John Millner (chairman), Mr David Robson (deputy chairman), Mr John Jewiss (managing director), Mr John Barnett, Mr John Bishop, Mr David Carrington, Mr Peter Dawe, Mr Christopher East, Mr John Edmonds, Mr Michael Hunt, Mr John Owen, Mr Roger Udell and Mr Ian Wallace. Mr Geoffrey Shepheard is company secretary. Both companies are wholly-owned subsidiaries of the Hongkong Bank. Gibbs Hartley Cooper was formed by the merger of the insurance broking business of Gibbs Sage and Hartley Cooper and Co, following the acquisition of the latter by Gibbs Insurance Holdings last September.

★

BARRATT DEVELOPMENTS has appointed Mr Graeme R. McCallum as deputy chairman, Barratt Southern, in succession to Mr F. J. Lockett, who has retired. Barratt Southern, Luton, is the holding company for the 10 subsidiaries. Mr McCallum was managing director of Barratt Sutton Coldfield.

Mr Graeme R. McCallum, deputy chairman of Barratt Southern

★

KIRKLAND - WHITTAKER (STERLING BROKERS) has appointed Mr Anthony B. Cooper as an associate director.

★

Mr W. Y. Hughes, chief executive of Grampian Holdings, has been appointed chairman of CBI Scotland's education and training committee. Mr J. L. McGavigan, chairman of John McGavigan & Co., has been appointed chairman of CBI Scotland's smaller firms working group.

★

Mr Tim Greenhill has been appointed sales director of BMW (GB) following the appointment of Mr Paul Layzell as managing director. Mr Greenhill joined BMW (GB) as marketing manager in December 1979.

★

Mr Philip T. Black has been appointed managing director of ARBUTHNOT FACTORS, part of the Dow Scandia Holdings Group. He was managing director of Arbuthnot Factors' international division. Mr Ken Dean, formerly managing director of the domestic division has undertaken secondment with a group project. He remains a non-executive director of Arbuthnot Factors. Both men are directors of Arbuthnot Commercial Services, holding company for Arbuthnot's Factoring Group.

★

MELTON MEDES has appointed Mr James E. Philpotts as chief executive. He was group managing director of Dorada Holdings (now Ashtead Holdings part of Keep Trust).

★

THE TORONTO-DOMINION BANK has set up an energy group in London, headed by Mr John F. Coombs assistant general manager. Mr Stephan Murray-Sykes has been appointed manager energy accounts. The bank has also made the following marketing appointments: Mr Roland A. Cardy, assistant general manager, UK and Ireland; Mr Brian D. H. Jarvis, manager corporate accounts, Italy, Greece, Spain and Portugal; and Mr Ian S. Cowley, manager corporate accounts, Netherlands, Switzerland and Luxembourg.

★

The Reliance Consulting Group (RCG) has appointed Mr Dick Harrison as chairman and managing director for LEASCO SOFTWARE, following the return to the U.S. of the previous chairman, Mr Fred Schriever, who is also president of RCG. Mr Harrison, who has been acting as chairman in Mr Schriever's absence for the last two years, takes over immediately, following Mr David Markby's resignation as managing director. Mr Gordon Crawford has been appointed director and Dr Len Barlow, associate director.

★

SHORT BROTHERS, Belfast-based aerospace manufacturer, has appointed Mr Richard J. Gordon as marketing manager.

★

As part of its reorganisation as a consequence of the Lloyd's Act 1982 WIGHAM POLAND HOLDINGS has appointed Mr John Poland president, and Mr Alton F. Irby III, chairman.

★

Mr W. P. Jowert and Mr J. A. Benn have joined the board of CHARLES E. DICKINSON AND CO.

★

BANKERS TRUST COMPANY has appointed Mr Kiril Cooney, vice-president, as head of the North Europe division, based in London. Mr Paul Barrett, vice-president, will succeed him as senior country officer for Germany and general manager for Bankers Trust GmbH, a wholly-owned subsidiary of Bankers Trust Company, based in Frankfurt. Prior to this appointment, Mr Barrett had been responsible for the bank's government business in Europe; from 1979 to 1982 he was senior country officer in Switzerland and general manager of Bankers Trust AG, Zurich. Both appointments are effective from January 31.

★

Ropemakers Hawkins and Tipson and Marlow Ropes have been merged as one operation following their recent acquisition by Evered Holdings. The new company, H & T MARLOW, brings together several areas of ropemaking activity covering the shipping, industrial and leisure markets: Charman is Mr Osman Abdullah, managing director Mr Graham Wrigley, finance director Mr Graham Taylor, export sales director Mr Nigel Bennett, home sales director Mr David Cottington, production director Mr Nick Hawkins, and technical director Mr Mike Parsey.

★

Dr Theo M. T. Adriaansens, general manager, Amsterdam-Rotterdam Bank NV, has been elected director of EURO-CLEAR CLEARANCE SYSTEM. He succeeds Dr Lambertus Lammers. Mr Kazuo Fujii, director and general manager of Bank of Tokyo International, has been elected alternate director of Euro-clear Clearance System, replacing Mr Takeo Takuma.

★

Mr Terry Miller has been appointed regional director and general manager of LLOYDS BANK eastern counties regional head office in Cambridge. He succeeds Mr Peter Leech who has become an assistant general manager at the bank's head office in London. Mr Miller has been chief manager at Coventry since 1979.

Mr Terry Miller, regional director of Lloyds Bank

★

Sir Victor Garland, until recently High Commissioner for Australia to the UK, has been appointed a director of TR AUSTRALIA INVESTMENT TRUST and Mr Peter Kysel has been appointed managing director in place of Mr George W. Hague, who stays on the board.

★

THE BRIAN WHITTY GROUP OF COMPANIES, has appointed Mr Robert Jackson as financial director. He was head of finance with the Consolidated Construction Group in the Middle East.

ENERGY REVIEW

China: the offshore oil test

By Mark Baker, recently in Canton

THE RACE for stakes in China's anticipated offshore oil bonanza is almost over. By the end of last year 27 oil companies from nine countries had signed contracts to explore the most promising tracts within an area of 150,000 sq kms of the South China Sea and the south Yellow Sea.

The intensely competitive and *highly* secretive bidding process extended over more than a year. The world's leading oil companies are now about to put to the test an area which is believed to have the best oil and gas prospects of any untested area outside the Arctic circle.

The potential has been estimated at between 30bn barrels —a figure frequently mentioned by foreign oil men—and 150bn barrels, the guess of some of the more optimistic Chinese officials.

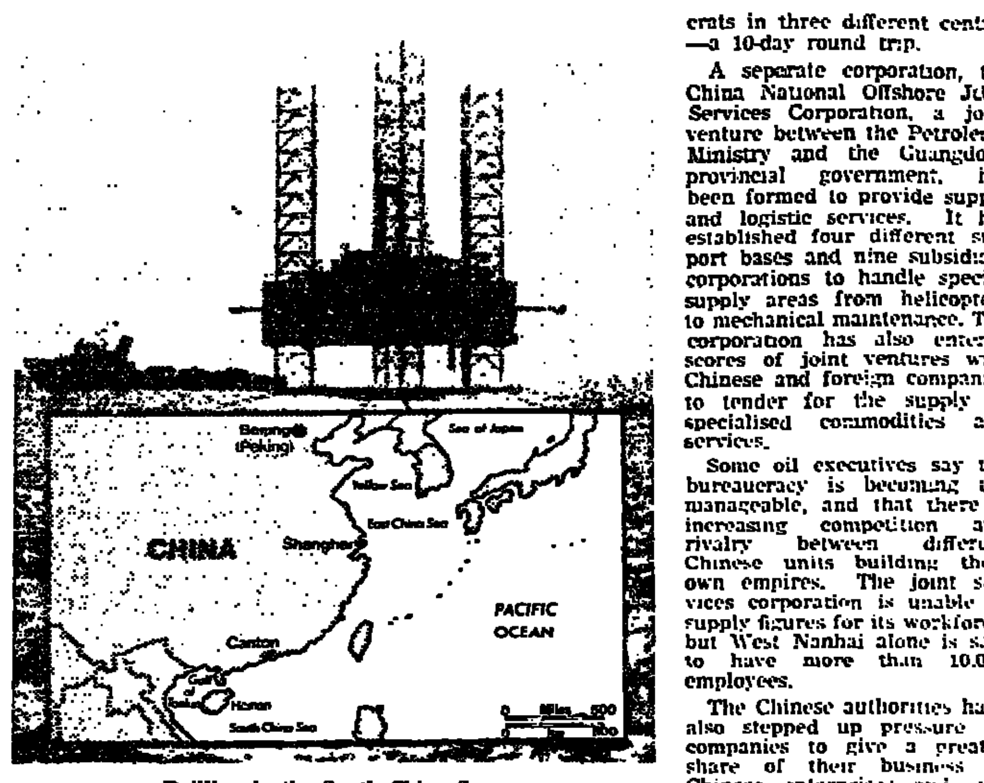
BP, operator for the first consortium to be awarded contracts, yesterday announced a disappointing result from its first exploration well in the South China Sea. The company said that although samples of oil had been recovered, the well was being abandoned and its rig moved to another BP contract area.

Esso and Occidental were due to start drilling early in the new year, with the other consortia close on their heels. Canton, centre of most of the new industry, is already bristling with preparatory activity.

But the afterglow of the procession of champagne signing ceremonies in the Great Hall of the People late last year is beginning to fade. While all the companies are preparing enthusiastically to drill, they are now having to face up to the hard slog of establishing their operations, and there is widespread disquiet at some of the problems emerging.

None of the companies is revealing its secrets, but the consensus is that the Chinese have driven hard bargains with all of them—to the point where early and strong discoveries have become particularly important to the economics of the ventures.

The case of Total, which recently completed drilling in an earlier exploration zone in the Gulf of Tonkin, is being watched closely. After drilling 14 wells, at least four of which are believed to have produced oil, the company has withdrawn its personnel. The official explanation is that they are evaluating the results, but several oil officials in Canton believe Total is pressing for a renegotiation of a contract too favourable to the Chinese.



Drilling in the South China Sea

Those newcomers who are believed to have given extra ground in bidding to get in early, or to secure the more promising blocks, are awaiting the outcome of Total's case as a test for renegotiations they are likely to have to make after discovering oil. It will be a test for everyone of China's willingness to be flexible and respond to changing market and other conditions.

While seismic surveys have been very promising, optimism is being tempered by the knewledge that no wells have ever been sunk in the main area of the South China Sea and that the companies must foot the entire bill for exploration programmes which, in most cases, will run for five years. Only after oil is being tapped can they begin to recoup outlays.

The normal complications of establishing a large-scale venture in a new country are being compounded by an *immense* and fragmented Chinese oil bureaucracy, poor communications and China's apparent determination to squeeze as much money as possible out of the fledgling industry — from 100 per cent duty on imported vehicles to a 400 per cent mark-up on canned tomato juice brought from Hong Kong, next door.

To administer the new contract areas the Petroleum Ministry has created three new corporations, in addition to the National Offshore Oil Corporation, which handled the negotiations: the South Huanghai Oil Corporation, for the south Yellow Sea, the Nanhai East Oil Corporaton, for the main new South China Sea area; and the Nanhai West Oil Corporaton, for areas around Hainan Island and in the Gulf of Tonkin.

The BP consortium has blocks in each area. To attend quarterly management meetings, consortium executives must visit three lots of bureaucrats in three different centres —a 10-day round trip.

A seperate corporation, the China National Offshore Joint Services Corporation, a joint venture between the Petroleum Ministry and the Guangdong provincial government, has been formed to provide supply and logistic services. It has established four different support bases and nine subsidiary corporations to handle specific supply areas from helicopters to mechanical maintenance. The corporation has also entered scores of joint ventures with Chinese and foreign companies to tender for the supply of specialised commodities and services.

Some oil executives say the bureaucracy is becoming unmanageable, and that there is increasing competition and rivalry between different Chinese units building their own empires. The joint services corporation is unable to supply figures for its workforce, but West Nanhai alone is said to have more than 10,000 employees.

The Chinese authorities have also stepped up pressure on companies to give a greater share of their business to Chinese enterprises and suppliers—although there does not appear to have been any direct interference in the tendering process. CNOOC has already ruled that only Chinese concerns, or Chinese-foreign joint ventures may tender to supply helicopters, logistic support, rig positioning, supply boats and telecommunications. While the official explanation is that these areas impinge on China's security, it is seen by some oil companies as a step towards excluding foreign tenderers from most, if not all, contracts.

Most companies seem, at this stage, to be treating such problems as merely irritating inconveniences. Some officials are surprised by their achievements against such odds. Says BP's Michael Yeldman, an assistant general manager: "Seven months ago we didn't even own a pencil here. Now we are drilling. That's quite an achievement."

Other officials concede that bureaucracies and high costs are part of the price of participating in a new exploration area. They take comfort from predictions that, by the time China's offshore crude begins to flow at the end of the decade the current world oil surplus is likely to have vanished.

Lloyd's prepares market for £100m hive-off

BY JOHN MOORE, CITY CORRESPONDENT

MR PETER MILLER, the new chairman of the Lloyd's insurance market, yesterday announced proposals which will form part of a big restructuring of the market.

The plans are likely to provoke intense argument among the Lloyd's professionals for whom they could prove much tougher than was expected.

The proposed rules lay down procedures to be followed when the Lloyd's insurance brokers hive off their interests in the management companies of underwriting syndicates.

In total, 114 agency companies managing the affairs of 308 insurance syndicates, into which the 21,601 members of Lloyd's are grouped, will have to be disposed of in a grand sale by the brokers, which could earn an estimated £100m.

Lloyd's was forced by Parliament to include provisions for the divestment by the brokers of their interests in the agency companies as part of its legislation designed to overhaul the self-regulatory mechanisms of the market.

Parliament insisted on the divestment proposals when it decided that potential and actual conflicts of interest existed when brokers – the groups that buy insurance on behalf of clients – control companies which run underwriting syndicates, the sellers of insurance.

Although Parliament said that brokers should divest themselves of their interests in the companies which run insurance syndicates at Lloyd's by 1987, five years from the date of the enactment of the Bill, it was only yesterday that Lloyd's was finally able to issue the outline procedures which it expects will be followed in the sale.

Procedures indicated by Lloyd's suggest that the market's authorities are determined that there should be no flouting of the spirit of the legislation. Already there are suggestions that some brokers who have completed divestment deals have effected only an apparent rather than a real divestment

Brokers have contemplated using "fronting" arrangements, selling the management capability to the staff of the underwriting agency company while retaining a large part of the revenues earned from the agency in a side agreement.

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Scottish yard wins £30m oil rig order

BRITOIL has placed an oil rig order worth more than £30m with the McDermott yard at Ardersier, near Inverness, on the north-east cost of Scotland.

The order was confirmed only a few weeks after the cancellation by Britoil of an £88m rig order it had placed with the Scott Lithgow yard on the lower Clyde.

The latest rig will be built with steel supplied by British Steel Corporation and is due for completion by the summer of next year.

Smith's Dock, the Teesside yard of British Shipbuilders, hopes to win a £12m order to build an offshore support vessel for use in the North Sea by British Underwater Engineering (BUE).

The yard, which is at present completing two roll-on/roll-off ships for Brazil, will tender for the BUE order this month. Although it is not the only European yard in contention, sources in the industry said the company was favourably placed to win the order.

Smith's Dock is one of three large merchant facilities of British Shipbuilders that have good reputations with shipowners. But they need to gain work soon as present business runs out.

● CAR PRODUCTION last year topped 1m for the first time since 1979. Commercial vehicle output, however, fell to a level last seen in the 1950s.

Figures from the Department of Trade and Industry estimate car output at 1,045,000, an 18 per cent rise on 1982. Nine per cent fewer commercial vehicles were made, totalling 244,200. This compares with a peak year in 1969 when 465,720 vehicles were produced.

● FLIGHTS in and out of Heathrow Airport, London, could be disrupted this week as a result of a pay dispute involving British Airways engineering and maintenance staff.

The airline met union leaders last night but was thought unlikely to improve on a two-year pay offer which has led to an overtime ban and a call for stoppages. The engineers service all BA aircraft and those of some foreign airlines.

● BRITISH NATIONAL Oil Corporation (BNOC) is to recommend a 10c a barrel cut for oil from the UK sector of the Statfjord field. The price cut, to $30.30 per barrel delivered, follows the cut announced by Statoil of Norway in the price of oil from its own 84 per cent stake in the field.

'EARLY WARNING' SYSTEMS FOR BANKRUPTCIES LAUNCHED

Failsafe for failures

BY DAVID GARDNER

DUN AND Bradstreet, the business information group which has had the unenviable task in recent years of notching up succeeding post-war records for UK corporate failures, yesterday moved to clean up its image as the bearer of bad tidings.

It launched a new computerised database service which it believes will help slow the rate of bankruptcies, by providing an early warning system to help combat the so-called "domino" effect, where the collapse of one company sets off a chain of failures among unsuspecting suppliers.

The new service, called Dunsmatch, is designed to "supply subscribers with the complete details which might lead to a change in the credit status of a customer before it happens", the company said.

The service would provide a corporate profile, including the structure, history, financial breakdown and experience of trade suppliers with a given company, to which the new computerised system would add 14 categories of "time-critical data" which might affect future dealings, to be supplied on request.

This data ranges from County Court judgments, meetings of creditors, mortgages and charges to the appointment of liquidators and receivers and the names of companies which are unsecured creditors in liquidations and bankruptcies. The service will also provide immediate notification of accounts filed, and of changes of directors, ownership and articles of association.

The basis of Dunsmatch is the matching of requested names with incoming data, but unmatched data – on a sectoral or category basis – can also be supplied on a daily, monthly, or weekly basis.

Yesterday's launch was aimed at the UK market, but Dun and Bradstreet has plans to extend the service to four other European countries – France, Belgium, the Netherlands and Italy – for which it has an initial budget of £23m.

The company is reluctant to discuss forecast revenue from the service but its cost – from £10.29 to £18.21 per name per annum, with lower rates if more names are requested – appears to indicate expectation of high turnover.

Worker wins test case over dismissal

By Brian Groom, Labour Staff

A FORMER shop steward (factory union official) at a General Motors plant was unfairly dismissed, an industrial tribunal ruled yesterday in a test case of the Conservative Government's legislation on the "closed shop."

The Government introduced legislation in 1980 and 1982 to make it more difficult for unions to conclude or maintain a closed shop (which requires that all workers at a particular plant belong to a union).

A tribunal at Bedford agreed that Mr Douglas Thorpe, aged 55, had grounds of "deeply-held personal conviction" under the Employment Act 1980 for leaving the Amalgamated Union of Engineering Workers (AUEW) after 32 years' membership. He was employed at the GM truck plant in Dunstable.

It is the first time this provision has been successfully pleaded as justification for leaving an existing closed shop.

The Bedford tribunal deferred an award for a month while Mr Thorpe discusses his possible reinstatement with the company. If no agreement is reached, the tribunal must decide whether to order reinstatement or compensation.

The company, which has a closed shop agreement with the AUEW, gave Mr Thorpe 12 weeks' notice of dismissal on September 6 after he refused to rejoin the union.

Mr Thorpe first fell out with the union in 1978 for refusing to attend a mass meeting on a pay offer. There was further trouble in 1981 and 1982 when he worked during strikes.

The right-wing Freedom Association, which represented Mr Thorpe, said yesterday that it did not expect a flood of cases to follow because the strength of Mr Thorpe's case made this one exceptional. After years of loyal union membership, the tribunal accepted that he was "transparently honest."

The association argues that the 1980 Act is unclear and difficult to use. It wants the balloting provisions of the Employment Act 1982 brought forward, making it easier for individuals to win closed shop cases.

The 1982 Act requires a ballot vote of at least 80 per cent of workers for a closed shop to remain legal, but this provision is not planned to come into force until November 1984.

The Government has indicated that it will consider bringing forward the ballots.

Hoare Govett wins role in BT privatisation

BY ALISON HOGAN

STOCKBROKERS Hoare Govett have been appointed lead brokers to advise the Government on the £4bn sale of shares in British Telecom (BT) – the biggest privatisation of state-owned assets so far undertaken.

De Zoete & Bevan and Scrimgeour Kemp-Gee will also be retained to assist the Department of Trade and Industry and their merchant bank advisers, Kleinwort Benson.

The announcement yesterday, by Mr Norman Tebbit, Secretary of State for Trade and Industry, ends months of speculation in the City of London over the appointment.

Richard Westscott, senior partner of Hoare Govett said: "We are delighted to have been appointed. A great deal of work went into our presentation."

He said it would be premature to disclose the details of their plans but "we like to feel we have been innovative."

"The two aspects to which we paid particular consideration were the sheer size of the sale and the wish to reach a wide range of investors."

Kleinwort Benson began its search for brokers to the issue in November, receiving letters from a large number of firms who expressed their interest in participating in some capacity.

"BT will be a huge issue and will need the support of the whole market. Though three firms have been nominated, a large number of brokers will be able to play an important role," Kleinwort said.

It is expected that the conventional role of the lead and managing brokers to an issue will be broadened to include other firms, both national and regional, in the mammoth task of marketing the shares.

The appointment is attractive for the prestige as much as the financial incentive – though the nominated firms should receive a healthy commission for their work.

Kleinwort Benson, the brokers and the DTI have only a few months to refine the proposals

The structure of the share capital is not likely to be radically different to earlier sales of state-owned shares.

PRIVATISATION BROKERS AND BANKERS

Company	Issue date	Brokers to company	Brokers to offer	Merchant bank
British Aerospace	Feb 81	Hoare Govett	Hoare Govett Cazenove Greenwell	Kleinwort Benson
Cable & Wireless	Nov 81	Cazenove	Cazenove James Capel Rowe & Pitman	Kleinwort Benson
Amersham	Feb 82	Cazenove	Cazenove	NM Rothschild Morgan Grenfell
Britoil	Nov 82	Cazenove Wood, Mackenzie	Cazenove Wood, Mackenzie Hoare Govett Rowe & Pitman Greenwell	NM Rothschild SG Warburg
Associated British Ports	Feb 83	Cazenove Kitcat & Aitken	Cazenove Greenwell	Kleinwort Benson
British Telecom	To come	Cazenove Greenwell	Hoare Govett Scrimgeour de Zoete	Kleinwort
British Airways	To come	–	–	Lazard

Tax staff challenge employers

By Our Labour Correspondent

SENIOR civil servants are likely to urge the Government to introduce legislation to close any loopholes in contracts of employment which might be revealed by a High Court case due to open today. Tax staff are bringing the action against their employers, the Inland Revenue.

The case concerns the refusal of taxmen in the West Midlands to cooperate with the introduction of pilot computer equipment in the operation of the Pay-As-You-Earn (PAYE) tax system. But the action also has implications for the more general introduction of new technology and for the difficult area of contracts of employment.

The Inland Revenue Staff Federation is arguing that the staff are working normally by continuing to use ordinary clerical methods of operation. The Revenue is insisting that by not operating the computer equipment, they are not working normally. It has suspended about 400 staff.

Contracts of employment are governed by a combination of case law, the Employment Protection Consolidation Act 1978 and other legislation on health and safety, sex and racial discrimination.

Labour lawyers accept that employees have an obligation to perform tasks agreed in taking a job, but they argue that employers have considerably overplayed any duty to co-operate.

Deadlock reached in miners' pay dispute

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE PAY DISPUTE between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) has reached an impasse. Mr Ian MacGregor, NCB chairman, said yesterday that, as far as he was concerned, the miners' ban on overtime working could continue indefinitely.

The ban was imposed 10 weeks ago by the NUM in rejection of the board's 5.2 per cent pay offer. Mr Arthur Scargill, president of the NUM, has claimed that the ban was "devastatingly successful" and that the board had lost up to £200m in revenue.

The NCB admits that there will be a substantial revenue loss on the book value of the coal not produced, but claims to have saved £30m in wages and £23m in charges for holding coal stocks.

Mr MacGregor repeated yesterday that the pay offer would not be increased. He said that customers were being well served with coal while stocks remain at a high level. "While the overtime ban will cause us to lose some additional money, it is small in proportion to the overall losses that have been taking place because of our high-cost operation." he added.

Mr Scargill yesterday denied suggestions that the overtime ban was crumbling.

North Staffordshire pit winders, who operate lift machinery, returned to work yesterday after being suspended by the union for attempting to flout the ban. They held

MacGregor: untroubled by overtime ban

a protest strike for 24 hours. Mr Steve Higginson, the winders' branch secretary, said he would appeal against the suspension, which is to last for one month afte the overtime ban ends.

● Mr John Walsh, one the two centre-right candidates for the NUM's general secretaryship, has produced a plan for improving the wage offer without substantially increasing costs to the NCB.

The plan is based on making the mineworkers' pension scheme noncontributory. Mr Walsh says this would have the immediate effect of raising total cash earnings by 5.2 per cent. The present offer increases only the basic pay by that percentage, translating into a lower figure for total cash earnings.

Daimler limousines may be sold in U.S.

BY JOHN GRIFFITH

JAGUAR CARS is expected to build on the recent successes of its saloon cars in the U.S. by launching its hand-built Daimler limousine there. A final board decision is likely to be taken in the next few weeks, Mr Keith Cambage, director of limousine operations, said yesterday.

Mr Cambage was speaking at the unveiling in London of a new version of the limousine, equipped as a mobile office with computers, word processor and printer, television, video and radiotelephone. The new model, which will be built to customer order only, will have a list price according to specification. A model shown yesterday costs £49,000 – about £6,240 less than a Rolls-Royce Silver Spirit.

The price compares with £25,995 for the standard Daimler limousine of which about 200 a year are produced by a separate workforce of about 50 at Jaguar's plant in Coventry.

The limousine is an often-overlooked part of Jaguar's business. It is fitted with the Jaguar six-cylinder, 4.2 litre engine, but the body is produced by outside suppliers Park Sheet Metal and Motor Panels (Coventry). Introduced in its present form in 1968, it has achieved total sales of 3,330 units – the majority in the UK. Between 45 and 50 per cent of them are sold to funeral directors.

The U.S. is much the largest market for limousines. Dozens of conversion companies have a flourishing trade in customising cars such as the Cadillac, and for several years the U.S. has been the largest single market for Rolls-Royce.

Jaguar is taking a cautious approach: while the necessary work has been carried out on the limousine to meet U.S. legislative requirements, the company intends to be certain before a launch that an adequate market and back-up facilities exist.

One vehicle has already been on an assessment tour in the U.S. and Mr Cambage said Jaguar had been very encouraged by the reaction.

"One potential West Coast outlet said it could see a market for it, but warned us that it could not envisage handling more than 200 cars a year," Mr Cambage said.

If Jaguar does launch the limousine in the U.S., it expected that employment would rise to handle the extra output. The hand-built nature of the operation would mean little or no increase in capital investment.

Zastava cuts price in UK car sales drive

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE STRUGGLE between the East Europeans to win sales at the budget end of the UK new car market intensified yesterday when the importer of Zastava cars from Yugoslavia cut the price of the base model in the range by £100 to £2,398.

This follows hard on the heels of a similar manoeuvre by Lada which reduced the base model in its Russian-built range to £2,399.

Mr Michael Heerey, chief executive of Yugo Cars, the Zastava importer, pointed out that the Zastava 311 E now costs less than when it was first launched in the UK 18 months ago.

The new low prices, which made the East European models among the lowest priced on the British market, will provide both Lada and Zastava with their main marketing platform this month when private buyers predominate and demand is usually buoyant.

Zastava is expected to play a major role in Yugoslavia's drive to reduce its trade deficit with Britain. Mr Heerey believes Zastava can eventually match Lada's performance and take about 1 per cent of total UK car sales.

Last year Zastava hoped for sales of at least 6,000 but its registrations came to 4,834, up by 49 per cent from the 3,101 for 1982.

With the benefit this year of a string of models new to the UK, the company forecasts that its sales will jump by at least a further 62 per cent to between 7,500 and 8,000.

This compares with Lada's 1983 registrations of 19,225, up from 16,752.

UK NEWS

Councils plan offensive over spending curbs

BY ROBIN PAULEY

LEADERS OF Conservative-controlled local authorities plan to step up their opposition to the Government's plans to restrict the rates (property taxes) levied by high spending regional councils.

They have been joined in their campaign against the Rates Bill now going through Parliament by a former Tory minister, Mr Reg Prentice – who joins Mr David Howell, Mr Geoffrey Rippon and Mr Francis Pym in the growing list of dissenters to the Bill in both houses of Parliament.

The Bill is being opposed as a threat to the constitutional autonomy of local councils.

Mrs Margaret Thatcher, Prime Minister, showed no signs of relenting when she met Tory council leaders at No 10 Downing Street on Monday evening. She told them the Bill would be enacted and refused to offer any deals or compromises.

Mr Prentice said: "It is a bad Bill and I hope it will be defeated if not in the Commons then in the Lords. Better still, the Government should think again. My hope is that their majority will be so far reduced in the second reading debate next week that they will go back to the drawing board."

Mr Lewis Moss, Tory group leader on the Association of County Councils, told Mrs Thatcher it was an unnecessary and dangerous concentration of power at the centre, and urged her to consider detailed alternative proposals for increasing local government accountability.

Other leaders told her the Bill could lead to direct control by Whitehall over every council and would be a serious erosion of local democracy, apart from the fact that it was unlikely to fulfil the Government's public spending objectives.

Meanwhile, the Government has stepped up its attempts to defuse the opposition. A concentrated series of speeches by Cabinet ministers has been planned to occur every day until Tuesday.

The idea for rate capping, as it has become known, was put to the Cabinet on at least four occasions by its architect, Mr Leon Brittan, now Home Secretary, before the general election last year. On every occasion he failed to find a single supporter.

Mr Nigel Lawson, Chancellor of the Exchequer, sought to drum up support for the Bill this week when he said: "We are not taking powers to dictate to local government precisely what it can spend or what its priorities should be, but we are acting to put an upper limit on the amount some authorities can spend and tax."

Setback for Lear Fan jet project

By Our Belfast Correspondent

THE DEVELOPMENT of carbon fibre executive aircraft for production in Northern Ireland by the UK Government-backed Lear Fan Company has suffered a setback which is straining the project's finances.

The latest technical problem occurred during ground tests on the aircraft's fuselage. It has led to 91 redundancies among the 500 Lear Fan workers in two factories in Northern Ireland.

It appears that any further slippage in plans to gain certification for the aircraft from the U.S. Federal Aviation Administration could push the project beyond its budget.

The test failure happened at Reno, Nevada, where the certification programme is being carried out. The company said a minor structural failure occurred during bending tests, but because the fuselage was pressurised there was "major damage."

To ensure there was adequate funding to see it through to certification, the company had "prudently decided" to delay the start of production.

There was a similar setback last year when a design fault was detected during tests on the wing.

The British Government has committed more than £51m to the Lear Fan project since 1979. It hopes to see in return the creation of 2,800 jobs when full production is achieved.

In a 1982 refinancing, the U.S. parent company raised U.S.$90m. Two-thirds came from a Saudi Arabian consortium, which has an 85 per cent shareholding, and one third from the Northern Ireland Department of Economic Development, which has a 5 per cent equity stake.

● The Northern Ireland economy is stabilising after several difficult years but a question mark hangs over its ability to generate new growth, according to a report from Coopers & Lybrand, management consultants.

Signs of stability and strength needed to be seen in the context of a 30 per cent fall in industrial employment and a 14 per cent decline in output between 1979 and 1983, it said.

TUC prepares motor initiative

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE TRADES Union Congress (TUC) is preparing to make a major initiative in the motor industry. It plans to lobby the Government to increase investment and curtail imports. It will also consider establishing a motor industry committee, bringing together all the industry's unions.

A detailed study of the industry, to be discussed by the TUC's economic committee today, calls on the Department of Trade and Industry to develop an immediate recovery programme for the industry.

The most immediate priority, the TUC says, is control of imports – both those of the motor manufacturers with plants in the UK, such as Ford, General Motors (Vauxhall) and Talbot – and direct imports from countries like Japan. The Government should also ensure that the number of registrations rises to, and stays at, 2m a year.

The TUC sees BL as the centrepiece of a new UK strategy for the industry because it is publicly owned and therefore open to public scrutiny and control. BL, it says, performs a vital role in the preservation of British skills. The company "acts as a counterbalance to the powers of the multinationals... without BL the UK industry would be completely in the hands of foreign-owned companies which could do as they liked to the industry."

The document recognises that recent attempts at state planning and intervention in the motor industry have not worked well in practice.

It is also open-minded on increased collaboration between BL and a larger multinational.

It says. "This will probably involve a Japanese company like Honda or Nissan, though other European companies could not be ingnored." But BL would become less independent and produce a smaller range of models.

"If BL is to consolidate its position through involvement with a Japanese producer," it states, "then some sort of accommodation with the other UK manufacturers, principally Ford and Vauxhall, to apportion the British market among themselves will be required."

The Government's approach to BL is to encourage links betweens the company and Japanese companies and ultimately to private the company part by part. It is recognised that the Austin Rover mass car division will remain unattractive to the private market

Further and massive state support for BL is called for, on top of the £2bn which the company has received since 1971

Further cuts expected in BAe workforce

By Michael Donne, Aerospace Correspondent

A REDUCTION this year in the British Aerospace (BAe) workforce, which totals 75,500 is forecast by Sir Austin Pearce, the company's chairman.

Sir Austin says the group's competitiveness has to be improved to get better value for money out of all its activities. "That means there will be a rundown in numbers of people in the company over a period, so that when people retire they will not be replaced."

No figure is put on the reduction. It is not likely to be as severe as that announced last year, when 3,500 people were made redundant.

Sir Austin says the situation might worsen if the Government fails to provide the military contracts and civil launch aid that BAe has been seeking for various programmes. In particular, the group is seeking state aid for the planned launch of the European Airbus A-320.

Sir Austin warns that there might be "significant" redundancies if aid for that and other projects is not forthcoming.

Lawyers hopeful on Laker trust action

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

U.S. LAWYERS acting for Mr Christopher Morris, liquidator of Laker Airways of the UK, remain confident that the anti-trust action brought by Laker against UK, U.S. and foreign airlines will eventually be successful.

This is stressed by Mr Morris in his latest liquidator's report on the long task of settling the complex legal affairs of Laker Airways, following that company's liquidation in early 1982.

Mr Morris, of Touche Ross and Company, chartered accountants, says that in the U.S. anti-trust action Laker is claiming damages provisionally estimated at $350m, on the grounds that a principal cause of Laker Airways' collapse was a conspiracy (as defined under U.S. law) between other international airlines to force Laker out of business.

Mr Morris says that "under U.S. anti-trust law, damages awarded by a jury in favour of a successful plaintiff are automatically trebled. Accordingly, the action has become one for in excess of $1bn."

Mr Morris adds that he has been given permission to appeal to the House of Lords against earlier judgments by the UK Court of Appeal effectively removing British Airways and British Caledonian as defendants in the U.S. anti-trust action.

This appeal hearing is expected to take place in June.

Two other airlines, Lufthansa and Swissair, had also sought injunctions against Mr Morris in the UK courts, seeking to nullify his actions against them.

"I have applied to the court to have these proceedings dismissed, but this will not be dealt with until after the decision of the House of Lords referred to above," says Mr Morris.

"There has been considerable discovery from a number of defendants and also from third parties, as a result of which several other airlines have been joined as co-defendants. Those airlines comprise Sabena, KLM, Scandinavian Airlines System and UTA (a French airline)."

Voting reform appeal fund to be launched

By Peter Riddell, Political Editor

AN APPEAL will be launched later this month to raise £200,000 to finance an all-party campaign for electoral reform in Britain over the next three years.

This comes midway through a nationwide drive in support of a petition calling for a referendum on changing to proportional representation from the present first-past-the-post system of elections.

The aim is to collect at least 1m signatures by the early summer.

The financial appeal to 300 companies is going out under the names of Lord Caldecote, the chairman of Investors in Industry, and Sir Graham Wilkins, the chairman of Beechams.

Both Beechams and Hill Samuel have already given support to the campaign and the Joseph Rowntree Social Services Trust has donated £6,000 for the current campaign.

Mr Richard Holme, the campaign director, says that 2m petition forms have now been sent out, but he is unable to give any estimate of how much support there is since signatures are being collected locally and have not been collated.

There are organisers in 500 constituencies, according to Mr Holme. They are predominatly Liberal or Social Democratic Party (SDP) activists though there are some from other parties. The campaign has national sponsorship from some leading Conservatives, a handful of Labour MPs, several prominent industrialists and a few trade union leaders.

Trade officials seek clarification of IBM computer warning

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE DEPARTMENT of Trade and Industry is to question IBM, the U.S. computer company, about a letter of warning it has sent to 30 British leasing companies.

IBM wrote to the companies before Christmas reminding them of U.S. Government regulations about the movement or disposal of equipment, even within the UK. These regulations are designed to prevent the export of militarily-useful electronics to the Soviet Union and its allies.

British Government officials are likely to see IBM's cautionary letter as another example of U.S. law being applied to companies under British sovereignty. A Whitehall spokesman said the question was being taken up "quickly and urgently."

However, one of the largest British leasing companies said that it regarded the letter as largely a formality, probably inspired by the recent seizure in Sweden of an American-made computer destined for the Soviet Union.

The Reagan Administration has tried to crack down on the illegal export of technology that it regards as vital to national defence. But despite the efforts of U.S. Customs and Excise, under an operation code-named "Exodus," the Warsaw Pact countries have continued to procure sensitive technology through "front" companies in central Europe.

A spokesman for United Leasing, one of the biggest British companies dealing with IBM computers, said it was talking to IBM to consider what was involved.

Washington's political preoccupation with the "leakage" of high technology to the Communist world has upset many U.S. manufacturers, and their overseas licensees or subsidiaries. Despite their objections, legislation renewing the U.S. Export Administration Act is likely to be even more restrictive towards trade in strategic goods.

David Buchan writes: National export controls are based on those set in the Paris-based Co-ordinating Commission (CoCom), to which the U.S. and almost all Nato countries plus Japan belong. The rules on computers, of which IBM is now reminding its Western customers, are the most outdated in the CoCom book, going back to 1976.

This is because after the Soviet invasion of Afghanistan, in 1980, the U.S. abruptly toughened proposals it had made in the 1979 CoCom list review for tighter restrictions on the sale of computers to the Soviet bloc.

U.S. allies refused to go along with these proposals, with the result that the 1976 CoCom computer rules are still the ones in force, at least until CoCom completes its list review this summer.

Eight years is a long time in the fast-moving computer field.

Search begins for missing share owners

By Alan Pike

A SEARCH is on for the missing owners of 1,800 shares which would become very valuable with the public flotation of Reuters, the international news agency and financial information service.

The shares are in the Press Association (PA) the UK national news agency. PA has a 41 per cent stake in Reuters, which is likely to be floated later this year with a valuation of £1bn or more.

Since PA has never paid dividends, its share certificates have been of little value in the past. "But that has changed dramatically with the likely flotation of Reuters," Mr Jack Purdham, PA's financial controller said.

The 1,800 derelict shares make up about 2 per cent of PA's total shareholding. A meeting of the newspaper groups who hold the remainder of the agency's shares will be asked on Thursday to appoint a trustee to look after the 1,800 shares.

If an advertising campaign to locate the owners of the shares fails, the trustee will be entitled to vote on changes in the PA articles in preparation for the Reuters flotation. This approach should avoid the possibility of the Reuters sale being delayed because of the problem of the missing PA shareholders.

The Reuters board decided in favour of the agency flotation in December. Later this month the flotation proposals will be considered by the Reuters trustees, who are responsible for safeguarding the agency's editorial integrity.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Wednesday January 11 1984

Options facing King Hussein

KING HUSSEIN OF JORDAN is again demonstrating this week a refreshingly flexible approach to the political problems of the Middle East and in so doing has underlined his long-term commitment to a negotiated settlement to the Arab-Israel dispute.

By recalling the Jordanian Parliament after a gap of nine years he is both seeking to broaden the base of his domestic support and offering the prospect of an alternative approach to eventual negotiations with Israel on the future of the occupied West Bank.

In the short term, the domestic impact of recalling Parliament will be more strongly felt. Elections — a rare enough event in Arab political life — are scheduled to be held within two months to fill the East Bank vacancies in the Parliament. Early in 1985 it is anticipated that all 30 East Bank seats in the Parliament will be contested.

Popular pressure

By permitting the elections, the King is to an extent bowing to popular pressure. The Jordanian population enjoys a higher standard of education than is available in most Arab states and believes itself to be more politically mature and sophisticated. At the same time King Hussein is devolving some responsibility for the difficult economic and political decisions which will have to be taken in the months and years ahead.

After several years of relative plenty and consistently high growth rates, Jordan is feeling the impact of the general slowdown in the Middle East provoked by lower oil revenues. Fundamental reassessments also need to be made about the country's future development and the drift of population to Amman, the capital.

However, attention has been more sharply focussed on the impact Parliament could have on the search for Middle East peace. After the East Bank elections it is envisaged that the new Members of Parliament will appoint 15 members from the West Bank. The 45 members will then sit together and appoint another 15 West Bankers to bring Parliament up to its full complement of 60.

It could then be argued, with some justification, that the Jordanian Parliament will be at least as representative of West Bank opinion as the Palestine Liberation Organisation, headed by Mr Yassir Arafat, and certainly much more representative than those factions dominated by Syria.

That is precisely the challenge that King Hussein is setting Mr Arafat. The Jordanian monarch was bitterly disappointed last spring by Mr Arafat's refusal to complete the negotiations leading to the formation of a joint Jordanian-Palestinian response to President Reagan's peace proposals. Should Mr Arafat again decline to explore the opportunities on offer, King Hussein will next year have the option of offering to negotiate himself in association with the members of the Jordanian Parliament.

The response so far from Mr Arafat has been encouraging. He described the reconvening of the Jordanian Parliament as an essentially "internal matter" and there is strong reason to believe that he will visit Amman once he feels confident that he has secured his own position as chairman of the PLO. Whether he can be persuaded to lessen his dependence on equivocation is more open to doubt.

The same doubts apply to many of the other moderate Arab states, from whom King Hussein will be looking for support. Only Egypt has so far given whole-hearted backing to the King's peace efforts. It would be tragic if, at the next Arab summit meeting in Saudi Arabia, the radical minority was again allowed to dictate to the moderate majority.

U.S. reaction

Israel, of course, has an even greater capacity to frustrate King Hussein's plans by refusing to allow West Bankers to cross the Jordan river in order to take up their Parliamentary seats. But such obstruction would come oddly from a country which prides itself on being the only full democracy in the Middle East and frequently complains about the lack of any non-violent Palestinian organisation with which it could negotiate.

King Hussein would welcome a public American commitment of support for his proposals, especially on free passage for appointed West Bank members of Parliament. Should President Reagan seek and win re-election for a second term, his inauguration in January 1985 could coincide with a breath of fresh life for his Middle East peace plan with or without Mr Arafat. The extent to which King Hussein pursues his new approach will in part depend on American reaction.

Britain's money worries return

THE SUDDEN bounce upwards in all the broader monetary aggregates, which are now once again near the top of their target range, has provoked a good deal of rather heated comment and a much cooler reaction in the markets. The markets seem to have the best of the argument. In a sense, we knew it all along: a continued boom in retail sales, up 5 per cent in real terms from 1982 and still going strong, could only be sustained with the help of a larger amount of borrowing. Consumer borrowing seems, on the rather tentative evidence available so far, to be the main driving force behind the surge of growth.

The evidence is tentative, first because we still do not have the details of the December figures. Even when we get them next week, we will only be a little the wiser, since the seasonal adjustment applied at this time of year is inevitably suspect; small differences in the timing of tax payments, for example, can have large effects on the structure of the figures as well as their total—not to mention the timing of Christmas within the banking month. In any case, it would be absurd to alter economic strategy on the basis of one month in isolation.

The main immediate effect of the latest figures will be a sudden revival of the careful pulse-taking which used to be such a City routine when we lived from one month's money figures to the next. Credit managers for the banks may find themselves unwontedly popular lunch guests; nobody will want to be caught out by the January figures.

More relaxed

If we assume, however, that the picture does not change much in January, and that credit is indeed growing a lot too fast for comfort, the authorities may still be strongly tempted to sit on their hands for a little longer. The much more relaxed and ambiguous approach to monetary targets is no accident.

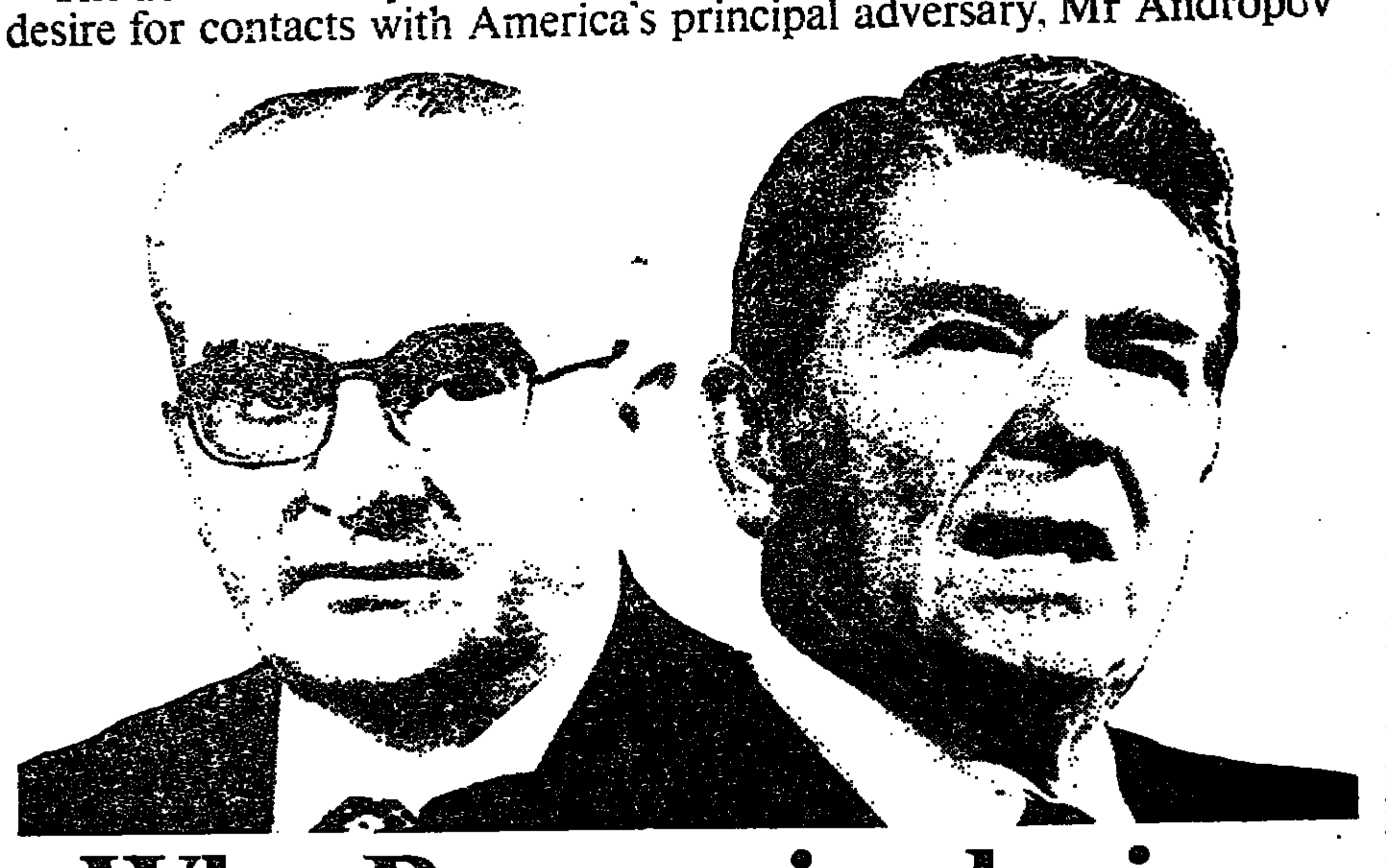
Very broadly, the Government's strategy has moved from a war-against-inflation phase to a good housekeeping phase: run the public sector tightly, and the private sector can be left quite largely to look after itself. Personal and business borrowers, after all, are much more vividly aware of the obligations they are taking on than some governments have been, for the good reason that they cannot use their IOUs as money.

This is very much to the point at the moment. Consumers have been borrowing more than 16 per cent more than they did last year. Since they are also paying smaller deposits and taking longer to repay, their total outstanding debt has risen by nearly £2½bn in the past 11 months. This alone accounts for about a fifth of monetary growth. However, the Bank of England, far from deploring the relaxation of controls which has made this growth possible, has been issuing warnings that this stimulus to the economy cannot by its nature go on very much longer: the debt burden is near its historic peaks in relation to income, and though easier terms may make a slightly higher burden acceptable, consumer borrowing is likely to top out.

Commercial sector

This consumer spending has contributed to the cash flow of the commercial sector, which has been borrowing very little—as in the U.S.; but rising investment and some replenishment of stocks will probably ensure that borrowing pressure is sustained when consumer debt tops out. It is rather less likely that the two demands will clash and drive monetary growth still higher. It must also be remembered that the squeeze of Mrs Thatcher's first term reduced the real money supply sharply; some return to normality is to be expected. It is far too early, then, to panic, especially since, in our current unstable world, strong credit demand tends to drive the exchange rate up for quite a time—simply because the worst that can realistically be said is that the next move of interest rates now looks likelier to be up than down.

'The President may find himself forced to respond to the domestic desire for contacts with America's principal adversary, Mr Andropov'



Why Reagan is playing the Moscow overture

By David Buchan, recently in Washington

MORE than most politicians, President Reagan likes to look on the bright side. As 1983 closed, he commented in an interview on U.S.-Soviet relations that "the world is safer and further removed from a possible war than it was several years ago."

Yet as 1984 gets under way, relations between the countries are at their lowest ebb in more than a decade; each is deploying or counter-deploying new missiles in Europe; and with the Russian walk-outs from the Geneva and Vienna negotiations, the two superpowers have stopped, for the first time in 14 years, talking to each other about substantive arms control.

Both sides are saying, in different ways and for different reasons, that they find the other virtually impossible to talk to anyway—the Russians complain the White House is too hawkish and U.S. officials complain there is no one left in the Kremlin except the military. With President Andropov just an unseen presence for the past five months, it is very hard to envisage a summit meeting this year between the U.S. and Soviet leaders.

Mr Reagan plans a major speech very soon on U.S.-Soviet relations, according to White House officials. It will be designed to send Moscow a positive signal before next week's Stockholm meeting between Mr George Shultz, the U.S. Secretary of State and Mr Andrei Gromyko, the Soviet Foreign Minister. This will be the first meeting of the two since they traded insults last September over the Soviet destruction of the Korean airliner.

In substance, the Shultz-Gromyko meeting may not achieve much, in view of blunt statements by the Soviets that they will not allow Stockholm to be used as a back door return to Geneva and the arms negotiations which they have so publicly abandoned. But Mr Reagan has two compelling reasons for pouring some balm on superpower relations at this point.

The first is that whatever Mr Reagan does and says now will set the tone for the 1984 election campaign — the expected announcement of his re-election bid is less than three weeks away and the primaries and caucuses start next month. Mr Reagan wants to avoid any resurrection of the label "warmonger" that threatened at one time to dog his 1980 campaign. The second reason is that the President wants the diplomatic time-bomb set to go off later this month to do only limited damage.

Shortly after the Stockholm meeting, the Arms Control and Disarmament agency is due to send Congress a report on apparent Soviet failure to comply with key parts of earlier arms control agreements. The Administration is not backing away from the report; it drafted it over many months. But the timing is very awkward, for the contents will be damaging.

It suggests that the Soviets may have violated the spirit of the Salt 2 agreement by developing more than one new type of intercontinental missile since 1979. The Salt 2 accord is not legally binding since the U.S. Congress never ratified it, but both sides agreed to abide by its provisions. The Soviets may also have cheated on the 1972 Anti-ballistic Missile treaty which is legally in force.

The latter allegation is based on a big new radar system which the Soviets appear to have built, not on the perimeter of the country and therefore plausibly allowable as early warning against incoming missiles, but in the heart of Siberia and therefore probably as a guide to an expanded anti-ballistic missile system impermissible under the ABM treaty. It thus seems likely the fur will start flying again between Washington and Moscow.

Why, then, the relative optimism evinced by Mr Reagan and shared to a remarkable extent (for Washington) through the various echelons and departments of his administration?

The first point which Administration officials make is that the sharp words of the past year between Washington and Moscow should not be confused with real danger. Tense incidents — the 1962 Cuban missile crisis and the U.S. alert during the 1973 Yom Kippur war—can occur during periods of relative superpower calm, and according to the Administration, stem from Soviet miscalculation. There is less risk of such miscalculation since Mr Reagan rallied the military capability and political will of the U.S. and the West, and officials take as proof of this the fact that since 1981 the Soviet Union has opened up no new front like Afghanistan.

Besides, the President himself is eating a few of his harsher words. He recently said he would not want to repeat his remark of a year ago that the Soviet Union was the "focus of evil" in the world.

Second, the Administration believes it has a tenable and electorally defensible negotiating position, particularly in the Intermediate Nuclear Force (INF) talks where the impasse is most acute. As one senior official puts it: "The Soviets negotiated while they were deploying SS-20 missiles, and so will we negotiate while deploying Cruise and Pershing missiles. If the Soviets refuse to come back to the (INF) talks, the world should draw the appropriate conclusions."

Essentially, the Administration believes that the Soviet Union has stuck itself with a bad negotiating hand, and it should pay the price for storming out of the Geneva talks.

Further concessions on the INF issue would reward the Soviets for petulant behaviour, the Administration argument goes. The Kremlinologists in the Administration believe that a prolonged interregnum in the Soviet Union set in the failing years of Brezhnev and will continue, with Mr Andropov too ill and too indebted to Marshall Dmitri Ustinov, the Defence Minister, for his present position to be able to "put the arm on the Soviet military," even if he wanted to.

"This is all the more reason not to make gratuitous concessions, since the Soviet leadership is not in a position to respond," the official Moscow-watchers in Washington say. The U.S. is, in particular, against subsuming the INF talks into the Start strategic arms negotiations as a ruse to get the Soviets back to Geneva, and U.S. officials say Moscow has not even shown any sign it wants such a move.

Last and not least in this election year, the Reagan Administration sees little electoral danger on the coming campaign trail from its policy towards the Soviet Union. The Reagan political tacticians see the President as vulnerable on the tone of his policy—that is why it is moderating—but not the substance.

The immediate "war issue" in this election does not concern the Soviet Union, but Lebanon and the fate of the U.S. marines there; Lebanon and the risk of terrorism attendant on involvement in the Middle East is what is stirring Congress and Democratic presidential candidates and why barricades have been thrown up around Washington's official buildings.

However, the fact is that only those Democratic candidates with a *very slim chance* of winning their party's presidential nomination have bluntly attacked the Reagan policy towards the Soviet Union. Senator Alan Cranston, for instance, advocates a freeze on the U.S. nuclear arsenal, but hardly counts in the poll ratings. The other Democrats have the tricky job of appearing reasonable but not soft towards Moscow. Mr Walter Mondale, the Democratic frontrunner, says he would resubmit the Salt 2 treaty for ratification, a stance taken perhaps out of loyalty to the Carter administration of which he was part but one which may be undermined by the forthcoming report on Soviet arms control compliance. But Mr Mondale may not want in any case to stray far from the conservative foreign policy views of his AFL-CIO union backers.

The only other Democrat so far providing Mr Mondale much competition is Senator John Glenn. With several MiG fighter "kills" to his credit in the Korean War, the former astronaut has the most leeway to attack Mr Reagan on his policy towards the Soviet Union without arousing popular suspicion of "softness."

But the President has already moved on to part of the ground occupied by defence-conscious Democrats like Senator Glenn, by incorporating the "build down" approach (scrapping two old warheads for each new one) into his Start negotiating position this year.

Are all these, then, the ingredients on the American side for another worrying year of superpower stalemate on arms negotiations?

The Administration believes not. By standing firm, it says, the Soviets can probably be brought back to the negotiating table. The Soviets may hate the U.S. President, they have said so many times in recent months—but they will deal with him if they have to. This was shown in the brief summer 1982 thaw in relations when Moscow agreed to buy increased amounts of U.S. grain over the next five years and some other bilateral negotiations were resumed, before the KAL airliner incident froze relations once again.

Moscow's professional America-watchers — Mr Georgi Arbatov with his U.S. affairs institute in the Soviet Union and Mr Dobrynin with his more than 20 years' experience in Washington — do not go public with their predictions. But U.S. diplomats have picked up the private Soviet view that Mr Reagan will run for and win a second term.

It would be surprising perhaps if they did not take this view, which is the current political wisdom. But the fact that they appear to think along these conventional lines leads U.S. officials, who also noted Soviet dismay at the American popular backing for Mr Reagan's Grenada adventure, to believe they will soon be dealing with the Soviet Union again.

Yet this scenario depends on the Soviets seeing the Reagan Administration as it sees itself — firm but fair — and on many other imponderables internal to the secret workings of the Kremlin, such as the effect of the further prolongation of Mr Andropov's physical ill-health on his political health. If the Soviets will not act out their part of the Reagan Administration scenario, what then?

It is hard enough for friends — witness Helmut Schmidt's public support for Ford over Carter in 1976 — to influence the outcome of U.S. elections, let alone enemies. The Soviets gave away with last year's grain agreement the one thing which Mr Reagan might have badly needed for electoral purposes this year. They clearly know that any obvious help to any particular candidate would be counter-productive, particularly after their failure to swing opinion in the more fertile soil of West Germany.

On the other hand, they have played American electoral politics before. They were delighted to have President Nixon in Moscow in 1972, though Senator Edward Kennedy was denied a reception in Moscow during his primaries battle with President Carter in 1980. The last time Mr Andropov appeared in public was to receive eight Democratic Senators, and were he to recover it is conceivable that he could give one or other presidential candidate the reception that President Assad of Syria has given the Rev Jesse Jackson.

Mr Reagan may, in fact, find himself forced to respond to a very real hunger by many Americans for high-level contacts with their principal adversary. Fourteen years of arms talks have accustomed most Americans to the psychological assurance of contact with their nuclear enemy, and the ending of those talks has created painful withdrawal symptoms. In the resulting vacuum, senators of both parties have proposed setting up joint U.S.-Soviet "crisis control centres" to prevent something like the KAL incident being repeated on a nuclear scale.

According to a Time Magazine poll, the number of Americans who feel that the superpowers share an equal dread of nuclear war and therefore must negotiate has risen from 51 per cent, before the INF and Start collapse, to 64 per cent last month.

The presidential candidates seem to sense this hunger. All of them advocate summitry with Soviet leaders, with Mr Mondale calling for regular annual summits. Mr Reagan himself says he is ready for a properly prepared summit. The irony—on which he cannot be faulted—is that at the moment he has no one to meet.

Men & Matters

Look right

Appearance counts for a lot in politics — and as the Prime Minister's meeting with recalcitrant Tory council leaders proved, national politicians can put a much better gloss on things than the locals.

She was faced with important shire Conservatives—men like John Lovill of East Sussex, Roger Parker-Jervis of Buckinghamshire, Lewis Moss of Berkshire, John Morgan of Test Valley, and Roy Thomason of Bournemouth—all vital to the Tory political machine but all implacably opposed to the Government's rate-capping plans which, as they see it, would end local autonomy and democracy.

What to do?—with the Press and TV cameras stacked outside waiting to record the defiant declarations that would signal the Prime Minister's failure to win over her own men.

Mrs hatcher first drafted in a body of lesser Tory councillors, known to support the Government, to avoid the appearance of being totally devoid of backing.

Second, she disarmed the men of the shires with some urban charm, prefacing the head-banging by moving graciously among them until they agreed to her suggestion that as they were all friends in the same party — almost family—the meeting should be regarded as private: Press statements should be withdrawn. TV interviews cancelled, no comments made.

So down to business, at which the local authority leaders remained firm in their opposition, despite the PM's warnings and threats.

Result inside No 10: Mrs Thatcher fails to move any of the men who matter. Local opposition through the association remains solid.

Result outside No 10: Mrs Thatcher drives off looking on top of the world. Patrick Jenkin refuses to talk except to say the PM was "well pleased." And the local authority men shuffle uncomfortably away, unable to announce that their campaign goes on, and losing the propaganda initiative.

"As Tory councillors, they may be on the Right in politics, but they are simply gauche in all other respects," noted one of their less enchanted colleagues yesterday.

Family fortunes

While it looks—barring any anti-trust problems — as if Texaco, the U.S. oil giant, has won the $9.9bn fight for Getty Oil, lawyers are saying that the battle between the heirs to one of the biggest family fortunes in America, some $4bn, is only just beginning.

Of J. Paul Getty's three surviving sons, it is the youngest, Gordon, who is sole trustee of the Sarah C. Getty Trust, which owns 40.2 per cent of the company.

Until now, he has received around $56m a year which he shared equally with his estranged brother J. Paul Getty Jr who lives the life of a recluse in London, and who has already been locked in legal skirmishes with Gordon to get a corporate trustee appointed to help look after the dollars.

The third brother, Ronald, appears to have been cut out of his father's will altogether and has been taking legal action to get a share of the loot.

And also waiting in the wings are a few dozen children and grandchildren who all stand to benefit from the will.

It is understood that J. Paul Getty, the founder of the company, had intended that the trust fund would remain invested in the company until the last of his sons died. It would then be distributed to their "living lawful issue."

The beneficiaries of the will are thus split into those who receive income now, and those who stand to get something only when the shares are cashed.

Not surprisingly, there are widely differing views within the family on whether the $4bn from the Getty oil shares should be invested for capital growth or income.

Gordon Getty's job as sole trustee of the family inheritance could be a rough one over the next year or two.

"Very dangerous—still it's one way of evading Press photographers"

Pot luck

"A feeling of well-being, exaltation, excitement and inner joyousness" is how the Merck manual of diagnosis and therapy describes the effects of taking THC, the active ingredient of marijuana.

Investors quick enough to grab shares in a company which makes the stuff no doubt have the same feelings.

Unimed, a small drug company ($3m turnover), based in Somerville, New Jersey, has seen its shares on New York's over-the-counter market jump from around $12 to $19 in the last five days on the news that it shortly expects FDA approval of its new *THC-based drug*, Marinol.

According to Unimed president, Paul Bollenbacher, "Marinol will only be allowed for use by seriously ill cancer patients." Clinical trials have shown it reduces the nausea that can accompany chemotherapy.

Not that Somerville (pop: 11,913) is likely to go to pot. Marinol, says Bollenbacher, would not be "desirable for recreational use" even if a doctor could be found to prescribe it.

"Our product takes about four to six hours to have an effect, unlike marijuana cigarettes, and anyway, our drug will be more expensive."

Catch phrases

So that is what dialectical materialism means. Sheffield's socialist city council is publishing 22,000 copies of a phrase book to help outsiders understand the local language.

English, as it is spoken there, does sound different. One visitor is said to have thought she was being addressed in Chinese when she was asked: "Oowashiwi, washiwithee, or washiwihersen?" ("Who was she with, was she with you, or was she alone?")

The council originally printed just 2,000 copies of the booklet —compiled by local dialect expert Derek Whomersley, who now lives in Devon. "But demand for the book has been fantastic. We have had letters from all over the world, says an official.

It is not only exiles, sentimental about the sound of phrases like "Nadenodagooin?" ("Now then, are you going?") or "Othaoreight?" ("Are you all right?") who want to buy the book. Even the language department of the Sorbonne in Paris has ordered two copies.

Observer

UK PACKAGE TOUR INDUSTRY

Prices: the greatest gamble yet

By Arthur Sandles

BRITAIN'S PACKAGE tour operators, locked as they are in their fiercest-ever price war, are now looking anxiously at the bookings figures. The next five weeks will tell whether the great gamble—that lower prices will mean more custom and thus no loss of revenue—has come off.

Meanwhile, enter stage left, another element in the drama. The pound has been looking distinctly wobbly against the dollar, and the dollar is a currency which plays a crucial role in most travel sums.

The performance of the dollar in recent months has put the travel industry world-wide into turmoil. Its strength against sterling has helped to boost U.S. traffic to the UK by as much as a third in the past year, and perhaps 50 per cent in recent weeks. At the same time, the fact that the Mediterranean sunshine currencies have been even harder hit than sterling, is helping to encourage the Britons themselves to scurry off in ever increasing numbers for the sun.

For the moment, however, it is cut prices which are capturing the headlines, with the Great Universal Stores tours subsidiary, Global, being the latest to relaunch its programme for this summer with lower price tags.

The round of price cuts started a year ago when Thomson, the market leader, knocked around 5-10 per cent off its summer 1983 tariffs. This was in response to the rapid growth of Intasun, the tour company headed by Mr Harry Goodman, which has come from nowhere to No 2 in five years.

Thomson and Horizon (the No. 3 in passenger carrying terms) were by tradition first onto the shelves with their brochures. Intasun has always published late, and offered lower prices. Thomson decided that the price differential was growing too great and reacted by producing a second, lower, price list. Since the whole industry regards Thomson as the pace-setter, the knock-on impact was inevitable. Now no one knows when the price-cutting will stop.

In this selling season Thomson and Intasun have played a cat and mouse game from which Thomson appears to have emerged the early winner. But the fight has generally infuriated the retail trade. High street travel agents are in uproar over the constant price changes, particularly since they mean lower income and more paper work (agents work on a fixed percentage commission).

Knowing that Thomson and Horizon had threatened to match any Intasun cuts, Intasun delayed publishing its summer 1984 brochures until just before Christmas. In theory, this did not give the rivals time to react before the main winter selling campaigns. In practice, both Horizon and Thomson relaunched anyway and Horizon went as far as to form a new down-market tour company, Broadway, to confuse the picture even further and compete toe-to-toe with Intasun.

A third party computer check on Thomson and Horizon prices suggests that Thomson has cut tariffs by an average 6.13 per cent and Horizon by 4.32 per cent but that most of the cuts have been on lower-priced holidays—the ones which are in direct competition with Intasun.

The other companies have followed these cuts with reluctance. Mr Roger Corkhill, Global's managing director, says: "It is a pity Thomson joined Intasun to provoke this price war. A price war in any industry brings casualties and these will be among the smaller operators who have not the resources to sustain this aggressive competition." But, he promises, "we shall take whatever steps are necessary to remain competitive if other operators continue to be ever aggressive."

Much is being made of the impact on smaller tour operators. This aspect of the battle is exercising the minds both of the licensing body, the Civil Aviation Authority, and of the Association of British Travel Agents. The CAA is taking a tough line on tour operators working capital. "We want to see evidence that they could ride out a bad year," says the CAA.

A bad year for many companies could be one in which margins have been trimmed in order to match the big boys, but in which the market does not expand to make up the losses in turnover that any price cuts must produce. Trade indications are that the package tour market is indeed expanding. Pickfords, one of Britain's biggest retail chains, says that already bookings are well up on last year. "We still think the market will rise by around 15 per cent," says Mr Richard Gapper, the managing director.

If that happens (and Thomson, Horizon and pretty well everyone else agrees) it would imply a further substantial swing from independent holidaymaking to packages since the total foreign travel market ex-UK is static.

But if that side of the formula is coming out right, in that the major tour operators at least should be able to make up their turnover losses through price cuts with increased custom, there remains another open question—currency rates.

Almost without exception, Britain's big tour operators have guaranteed their prices. In other words, as the brochures say, "the price you see is the price you pay, no ifs, no buts, no surcharges."

Readers of such promises might overlook the exception which covers "governmental action," such as sudden changes in VAT rates abroad, the imposition of VAT on tours by the UK Government, rises in airport taxes or anything else the tour company choose to see as "governmental."

In theory, tour companies protect themselves against other cost increases simply by buying currency forward. The facts of tour life are rather more complicated.

Mr Peter Drew, chief executive of the Rank Organisation's travel side, which includes the upmarket operator Wings and the villa company OSL, sees this as a much more uncertain area for his smaller rivals than the price war. The major tour companies priced their programmes at a time when the pound stood at $1.53 against the dollar. Now that it is down to around $1.40, the average British package tour costs the companies about £3.40 more than they thought it would. This is simply because aviation fuel is paid for in dollars.

If a company has bought its dollars forward this is of purely academic interest. But many may not have done so.

"The foreign currency content of the average package is as much as £150-£170," says Mr Drew. "To buy that amount of currency forward for a whole programme needs financial muscle." In other words, a bank has to be sure that a company will have the money in August or September 1984 to pay for the dollars, pesetas or drachma that have been ordered a year earlier. "The banks may well be asking for some security," says Mr Drew.

Since the CAA is also seeking security, in the form of liquid guarantees against the possibility of collapse, the strain is obvious.

The best news for almost everyone in the business, it seems, would be for things to continue as they are at the moment. A stable fuel price, a strong, but now over-strengthening dollar and continued weakness in the sun-belt currencies of the Mediterranean would make for a contented season for the tour companies and the British hotel industry. If any of these factors show signs of changing, then wait for the squeals.

Glyn Genin

From nowhere to No 2 in five years . . . acting as steward on Intasun's first Boeing is its chairman, Harry Goodman

THE TOUR TOP TEN

	1983 summer licensed carryings
Thomson	965,791
British Airways (Enterprise, Sovereign, Martin Rooks)	721,000
Intasun	508,650
Horizon	481,000
Rank (OSL, Wings)	316,000
Cosmos	300,000
Saga	252,630
Blue Sky (British Caledonian)	232,500
Global	175,000
Thomas Cook	159,608

These are the Civil Aviation Authority figures for licensed inclusive air tours. Companies may have failed to reach their targets or, less likely, received supplementary licences for more carryings. Some companies, notably Cosmos, have heavy coach tour traffic which is not licensed by the CAA. During the year British Caledonian bought Jetsave which would substantially increase its figures.

Britain's old buildings

Conservation has gone far too far

By Michael Manser

CONSERVATION is a comparatively new idea and those who support conservation and are active in it sometimes have judgement which is too subjective to be sound.

William Morris, who was the founder of the Society for the Protection of Ancient Buildings in the 19th century, had a view of ancient buildings which was extremely uncertain by our standards. In his words: "the 18th century was quite unconscious of its tendency towards ugliness and nullity." He described the new railway stations of his time and the Kew Palm House as "the horrible and restless nightmare of modern engineering."

William Morris was a sensitive and creative man and highly respected in his time. During a visit to Paris, he spent most of his days in the Eiffel Tower reading and writing; to a French friend who asked him if he liked the tower, Morris answered: "Like it, it's the only place in Paris where I can avoid seeing the damn thing."

Over the passage of time the Eiffel Tower has become a popular symbol of Paris. There would be a great outcry from conservation societies if its destruction were proposed today. And the truth is that exactly the same people would protest if somebody now suggested building another similar tower.

Conservation has gone far too far. Instead of being a recognition of outstanding architectural or historical quality, listing has become an accolade for survival. The chief planning officer of a central London borough gave me his view, that if it were possible to save a building, regardless of cost, that was sufficient justification for doing so. This cannot be right.

It has been the normal historical pattern for the bulk of buildings to be replaced as they become old and obsolete.

British Rail has just spent over £6m on three or four listed great train sheds. That was about half the annual grant to the Historic Buildings Council for the entire country at the time. They have over 1,200 listed buildings, conservation areas, ancient monuments and sites of scientific interest. Would there be so many if the listers had to fund their maintenance?

The total immediate bill for BR's listed buildings is in the region of £100m. The Victorian railway stations were well built in their time, they have stood up incredibly well to hard usage for 100 years or more but they are coming to the end of their useful life. New buildings are needed for a modern railway.

It would be salutary if the Electricity Board were to convey to the chairman of the most vociferous of its preservation groups the freehold of Battersea Power Station—it costs over a million pounds a year to keep it empty and safe.

The Boroughs of Westminster and Kensington and Chelsea are almost continuous conservation areas. Why? Much of this 19th-century area is undistinguished and shoddily built. The Department of the Environment wisely turned down an application to list 80 per cent of Kensington and Chelsea. As it is, 60 per cent is conserved and the same policies are applied to adjacent areas.

London's skyscrapers should all have been twice as tall

There is something terribly sick in the idea of preserving facades. It is an appalling thing to do to a building and creates a ghoulish effect at night, because the raddled old mask is revealed as a glittering modern building. It is a monumental deceit and only occurs because there is a lack of confidence in the present and the future. Conservation which is totally preservationist is unnatural, untraditional and unhealthy.

The Enclosure Act of the 18th century dramaticclly altered the face of the countryside. This is now regarded as the traditional countryside and there are groups dedicated to preserve it against the new prairie-style agriculture. Construction of railway viaducts in the 19th century was bitterly opposed. Now they are part of the accepted landscape and their destruction is bitterly opposed.

There always has to be change and development. It is inevitable and desirable in a healthy society.

Another much debated issue in the problem of inserting new buildings into old settings is that of tower blocks and tall buildings. Skyscrapers are in fact the most significant contribution from the 20th Century to architecture. There was never a time before when buildings could have been built so big, the techniques weren't available. Done with conviction as they are in America they develop an heroic quality and make magnificent architecture, their sheer size and grandeur contributes to the scale of the older and smaller companions.

In this country we have totally missed the point of skyscrapers. You simply cannot have a mini skyscraper; it is a contradiction in terms. The London towers should all have been twice as tall, they look silly and squat and uncertain and do nothing for their surroundings.

We have a splendid and unsurpassed heritage but heritage is continuous and regenerative. There are only three justifiable reasons for retaining an old building. The first is that it is of such spectacular historical or architectural significance that society is prepared to pay for its permanent maintenance as a cultural object. The second is that it can be adapted to new uses to provide its own economic survival and the last is that some person or group of persons admires it sufficiently to fund its survival.

Finally, the limits of conservation should be to respect equally the present and the past but not deny the future its heritage nor let one inhibit the other. It is necessary and traditional for obsolete buildings to be demolished to make way for the new — for new purposes and new needs, in new materials and constructional techniques. That is how the townscape and heritage has always been created and recreated and we have to continue.

The author is president of the Royal Institute of British Architects. The opinions expressed in this article are his personal views.

Letters to the Editor

Government launch aid for the A320 Airbus

From Mr J. Wilkinson, MP

Sir, — May I add my voice to appeals that have already been made by such authoritative bodies as the Society of British Aerospace Companies and the Air League to the Government to provide launch aid recoverable on sales for the A320 Airbus project?

Traffic figures now indicate clearly that the recession in civil air transport is ending and there is little doubt that airlines will be seeking to replace ageing, noisy, narrow-body airliners such as the BAC 111, Boeing 727 and 737, DC9 and Trident with new equipment that is not only more fuel-efficient but also meets the noise regulations that will be widely prevalent in the latter part of this decade. The market for new airliners in this category is well over 3,000 aircraft by the year 2000.

Increasingly airlines will stipulate an entirely new airliner rather than a derivative of an existing type to meet their requirements in the 150-seater category and will demand an aeroplane with optimal passenger appeal, good operating economics and the most up-to-date engineering technology.

At present there is only one potential such aircraft — the Airbus Industrie A320 which has already been ordered from the drawing board by four airlines, including British Caledonian. When the original A300 was launched it had no prior orders. Today Airbus Industrie is the sole effective competitor to Boeing and no less than 350 A300s and A310s have been ordered. Furthermore, British Aerospace has built the wings of those existing Airbuses without a penny of British Government launch aid.

If the British Government is to have an industrial strategy which looks to the future and builds upon success rather than merely subsidising loss-making nationalised industries, it must support launch aid for the A320. To fail to do so would cause grave complications for British Aerospace's position on the Airbus consortium and there is every likelihood that Airbus Industrie would find another manufacturer to build the wings of the A320.

If the Government wants to promote the interests of hard-pressed Rolls-Royce, one of the best ways would be to guarantee with launching aid British participation in the A320 Airbus. The futures of British large civil airliner manufacture and of Rolls-Royce are interrelated. The A320 is the most probable candidate for the new Rolls-Royce V2500 five-nation consortium engine; and so powered could meet British Airways' requirements very nicely.

John Wilkinson.

(Chairman, Conservative Aviation Committee.)
House of Commons, SW1.

Capital outflows from the UK

From Mr P. Wright

Sir,—From his article (January 3) it would seem that the recent massive capital outflows from the UK do not perturb Walter Eltis in the slightest. Indeed, he looks forward to the promise of increased invisible earnings. This being the case, it would seem worth reviewing the facts to date as revealed by the most recent issue of the balance of payments "Pink Book."

Between 1979-82 the UK non-bank private sector invested just over £36bn overseas, £21.8bn of which was "direct" investment and £14.4bn "portfolio" investment. This compares with an outflow of £11.7bn between 1974-78, of which £11.4bn was direct investment and only £300m portfolio investment. In real terms, the annual rate of outflow in 1982 was 40 per cent greater than it had been in 1978. Meanwhile, UK non-bank private sector assets overseas have more than doubled, rising in value from £37.7bn in 1978 to £90.6bn in 1982 (from £49.2bn to £122.8bn if banking sector assets are also included). Moreover, it was not always the case that these and other capital outflows on the capital account of the balance of payments were covered by the massive North Sea oil-generated current account surpluses accruing during this period: in 1981, for example, when the current account surplus reached a record £6.5bn, we actually had to run down our reserves because it was exceeded by net capital outflows!

Now the case for these outflows as expounded by Sir Geoffrey Howe when he was Chancellor, and implicitly reiterated by Walter Eltis, is that we will be able to secure a higher return by investing our surplus oil-generated foreign exchange in the more dynamic and profitable economies of our competitors, compared with investing it in the restructuring of the British economy. Unfortunately, the evidence to date gives no credence whatsoever to this view: between 1979-1982 the average annual return to the British economy (earnings less local taxes, depreciation charges and profits retained overseas) on direct investment (excluding oil companies) was only 4.3 per cent against the book value of these assets. The average return on portfolio investment over the same period was 4.1 per cent.

The real irony, however, is that these rates of return are below those (calculated on the same basis) being garnered by foreign capital in this country: between 1979-82 the average return on foreign direct investment in the UK (again excluding oil companies) was 6.8 per cent per annum, and 16.6 per cent on foreign portfolio investment!

So, even apart from any reflections about how the domestic availability of even some of this capital might have affected the monetary scene and interest rates, the large-scale export of capital engendered by the abolition of exchange controls is in no sense in the best interests of the majority of the British people. Once capital has left there is no guarantee that earnings thereon will ever return, particularly as far as earnings on direct investment are concerned.

Philip Wright.
University of Sheffield,
85, Wilkinson Street, Sheffield.

Spending in Derbyshire

From Mr P. Oppenheim, MP

Sir,—Colin F. White, the headmaster of William Allitt School (December 31) somewhat intemperately stated that he was not aware of "unnecessary projects" or of an "extravagant spending spree" by Derbyshire County Council. Perhaps I can enlighten him.

Derbyshire County Council's expenditure since the current left wing regime took over has included £10,000 of ratepayers' money given to so called "peace groups," almost £100,000 allocated to a council newspaper, and now £1½-£2m which the abolition of charges for home helps has cost. This last item may have been admirable in intention, but is surely extravagant at a time when the country is desperately trying to control public expenditure.

Mr White also states that Derbyshire is short of teachers. I am sure he is aware that the pupil:teacher ratio is better now than it ever has been — and that includes during the "caring" Labour administration of 1974-79 which he no doubt avidly supported.

Phillip Oppenheim.
House of Commons, SW1

Regional policy

From Mr J. Egerton

Sir,—The prospect that parts of the West Midlands may be granted assisted area status as reported by John Lloyd (January 6) raises the issue of whether the present instruments of regional policy can be applied successfully in concentrated urban areas.

The economic history of Liverpool is less than encouraging. As the largest English city to receive regional aid, it provides evidence which is surely relevant before final decisions are taken on extending the system to cover Birmingham.

Among the misfortunes of Liverpool are: an abnormally high proportion of industrial plants controlled from outside the city; a marked decline in employment in indigenous firms in the 1970s; and an abnormally low small firm birth rate.

It is, of course, arguable that things would be even worse but for regional aid. On the other hand, one might wonder whether the indirect impact of regional policy on the city's labour market and industrial relations might not be causally related to the problems of the city.

It is perhaps significant that there is a divergence between the views of the West Midland Chambers of Commerce and the West Midland CBI on the merits of extending regional policy to their area. While head offices of multi-plant firms have a significant—many would say dominant — influence on CBI policy-making, they would have less influence over an organisation containing in its direct membership a majority of the industrial companies in the West Midlands. The present instruments of regional policy offer greater support to firms establishing new plants than those modernising existing ones.

An alternative to extending regional policy to cover the West Midlands would be to expand the urban programme in that area. Not only would this allow greater flexibility in developing schemes to tackle specific problems, it would also build on the already considerable work being undertaken already. A further advantage of this approach is that there is already a well-established mechanism for involving local business in urban programme decisions.

Joseph R. S. Egerton.
Oxford Centre for Management Studies,
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FINANCIAL TIMES
Wednesday January 11 1984

LITTLE REDUCTION IN BUDGET DEFICIT

Swedes plan growth-led recovery

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE RECOVERY in the Swedish economy is set to gather pace this year, helped by budget proposals published yesterday, which are aimed at halving the inflation rate and reining in state expenditure.

Fiscal policy has been tightened and, according to Mr Kjell-Olof Feldt, the Finance Minister, "Sweden should be able to both 'work' and 'save' itself out of the present crisis."

Public-sector expenditure will increase by only ½ per cent in real terms and will actually fall as a share of gross domestic product (GDP) to 66.6 per cent in 1984, from 68.1 per cent in 1983.

The flow of funds through the public sector in Sweden is still greater than in any other Western country, however.

The country's Social Democratic Government is gambling on the economy growing its way out of trouble, helped by the 16 per cent devaluation 15 months ago, and it has only made modest moves to attack the swollen central government budget deficit.

As a result of yesterday's proposals, the central government budget deficit will be reduced to SKr 80.8bn ($9.8bn) in 1984-85 compared with an actual deficit of SKr 86.6bn in 1982-83 and an estimated deficit of SKr 84.9bn in the current fiscal year.

As a share of GDP, the deficit will therefore be cut from 10 to 8 per cent in calendar 1984, from 12.5 per cent in 1983 and 13.4 per cent in 1982.

The picture is considerably better than that presented in last year's long-term budget projections, where a deficit of SKr 101bn was foreseen for 1984-85.

Much of the reduction – about SKr 11bn – is accounted for by the one-off effects of extraordinary measures to improve cash management. The payment of income-tax and payroll tax is being speeded up, for example, and some state agencies are being taken out of the budget to finance themselves from the capital markets rather than through state allowances.

The underlying deficit for 1984-85 will remain about SKr 92.1bn, little nominal change from the underlying deficits of SKr 92.6bn in the current fiscal year, and SKr 92.5bn in 1982-83.

Sweden is still having to cope with the mountain of debt run up by the state in the second half of the 1970s, and interest payments will amount to no less than SKr 65bn of next year's projected actual deficit of SKr 80.8bn, compared with SKr 48.2bn of the 1982-83 deficit of SKr 86.6bn.

One of the country's leading economic institutes recently warned of "catastrophic consequences" if budget deficits were not drastically reduced, and Mr Bengt Dennis, governor of the Swedish central bank, has also called for tougher cuts in public expenditure.

The Government is, however, anxious not to take harsh deflationary measures when the economy is still recovering from several years of recession and when unemployment is still running at a high level by Swedish standards. Yesterday's budget contained no important tax increases or saving measures beyond last autumn's SKr 7bn mini-budget package.

The Government's economic strategy is still endangered by the high wage demands from leading Swedish trade unions and the current pay negotiations are a crucial test if the administration is to get close to its target of cutting inflation to 4 per cent by the end of the year.

Equally, it has still to find a solution for its troubled defence budget.

The improvement in the economy this year is again expected to be export-led, but it will be helped by a slow pick-up in domestic demand.

General Motors embarks on radical shake-up

By Terry Dodsworth in New York

GENERAL MOTORS, the world's largest motor group, yesterday embarked on its most radical internal reorganisation since its present five-marque structure was established in the 1930s.

The change appears to have been designed to respond in part to the increasing challenge that the company faces from Japanese imports in the small car market, where it negotiated a deal last year to establish a joint manufacturing project with Toyota of Japan.

Under the new structure, the company will establish one division to manufacture small cars, and another to take charge of the large car range. In its announcement yesterday, GM made a point of stressing that Mr Lloyd Reuss, the new group executive for the small car division, will have responsibility for the Saturn project, the group's long-term design programme for producing a competitive small car.

At present, each of GM's divisions – Chevrolet, Pontiac, Buick, Oldsmobile and Cadillac – makes and markets a virtually full range of model sizes. Now Chevrolet and Pontiac will take over the engineering, manufacturing and marketing of small cars, leaving the other three companies to look after the group's large car activities.

The Fisher body company, which produces the company's body stampings, will be integrated into the two new manufacturing entities. GM plans to retain the five company names, which it said yesterday had established high customer loyalty and the "strongest dealer network in North America."

GM's reorganisation follows an earlier restructuring masterminded by Mr Roger Smith, the present chairman, in which he separated truck and bus engineering and manufacturing

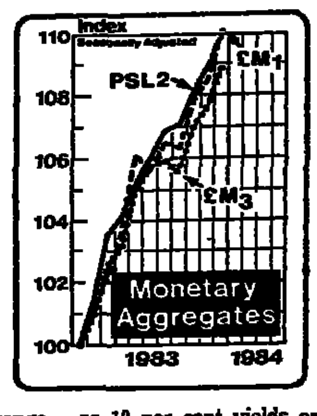
In the car sector, however, the company faces a different problem. It generates healthy profits on its large cars, but has virtually admitted that it would be unable to make money on a new small car investment.

THE LEX COLUMN

No headroom for the aggregates

Even a mid-afternoon boost from Wall Street failed to deflect the interest of the London equity market yesterday from a gloomy set of money supply figures and an erratic pound.

The year's early euphoria may have given way to a studied analysis of interest-rate prospects but, just as likely, the institutions were simply saving their pennies for today's final BP call.



Money figures

The sharp deterioration in expectations which set in last Friday lunchtime was duly satisfied by the December money supply figures. These showed the monetary aggregates bursting through the top of their current target range, making it increasingly hard to see how the Treasury can manage to endorse a lower growth ceiling in this spring's budget.

An apparent expansion of overall bank lending in the £1½bn region may have something to do with the seasonal adjustments; seasonal correction is bound to take on a degree of festive imprecision at this time of year. Yet all the signs indicate that bank lending to the personal sector is galloping along: retail credit increased by a record £975m in November, to stand more than a fifth than the year before, while December's more rapid growth of M1 versus the wider aggregates in turn suggests that the transactions element of money demand is peculiarly buoyant.

Perhaps monetary targeting is due for some political de-emphasis, but the figures point up the Government's need to keep right on funding. In net terms, the January banking month seems likely to have got the show back on the road; roughly £1½bn of gross sales seem more than enough to take care of the redemptions, although active buying in of the 11¼'s of 1984 which go ex-dividend for the last time next week might mean that the authorities have more to do before make-up day.

If it becomes clear that the company sector is starting to return to the banks in a serious way, the need for funding to keep the money stock from grossly overflowing its official bounds will be intensified.

Interest rates have for some while been too low to be consistent with the 7 to 11 per cent target range – as 10 per cent yields on short-dated stocks and persistent money market shortages both hint. It looks as if demand, interest rates, or the targets, may before long have to give.

British Telecom

British Telecom is by the far the most ambitious privatisation yet and the Government has understandably taken its time in selecting a team of auctioneers to match the sale of the century tag. If precedent is any guide, brokers involved in the Telecom offer will not grow rich on the proceeds but, in several cases, exclusion from the charmed circle must represent a blow to corporate pride.

Hoare Govett emerged yesterday as the lead broker to the Government, with De Zoete & Bevan and Scrimgeour Kemp-Gee in support. The company has not yet announced its own team but is expected to pick Cazenove and W. Greenwell. The most conspicuous omission must be Rowe & Pitman, which could have hoped for a happier sequel to this week's earlier announcement.

The line-up emphasises the crucial importance for a broker of research expertise in the new issue market. Hoare Govett can justifiably claim to offer skills in distribution and corporate finance, as well as research, but it is fair to assume that Hoare's supporting partners earned their places principally on the basis of their research capability. Only Cazenove, it seems, has the muscle to force its way on to the privatisation lists without much research back-up.

A similar pattern is establishing itself in the private sector with, for example, both Beecham and Racal moving to brokers with a strong reputation for research in their separate sectors. It may be that, by harnessing analysts to the corporate finance department, brokers will lose out elsewhere.

Hoare Govett is still a fair way down the Continental Illinois research rankings, while the conspicuous market leader, James Capel, has not figured strongly on the Government's lists. Yet Capel's present attempt to beef up its corporate finance team suggest that this broker, too, is reassessing its priorities.

Lloyd's

The meter has been running for nearly 18 months on the legislative clock over the important matter of the divestment of the Lloyd's underwriting interests from insurance broking parents. Yet it was only yesterday that Lloyd's authorities produced their final idea of what procedures they expected to be followed in the grand divestment sale.

Brokers like Hogg Robinson, which yesterday reported pre-tax profits of £3.4m for the first half of its financial year compared with £2.79m, have been in the dark until yesterday about what sort of expectation Lloyd's had for the divestment restructuring now taking place.

Indeed, they may not be much the wiser after yesterday's announcement. Brokers and underwriting agents are told that it is very much up to them to devise their own divestment plans but are warned that the council has a duty to ensure that the philosophy of Lloyd's legislation requiring divestment is "respected."

That opens the way for considerable argument and intepretation. In – laudably – attempting to see that the spirit of Lloyd's divestment provisions are observed, Lloyd's own lack of precise definition may confuse the divestment exercise. Moreover, the Lloyd's plans require a sophisticated monitoring procedure which might place considerable strains on available resouces.

Brokers such as Hogg Robinson, whose Lloyd's underwriting interest can contribute between 15 and 25 per cent of the group's total prosperity in any on financial year, face an extensive period of trial and error in their attempts to divest.

Moscow proposes chemical war ban

By Anthony Robinson in London

THE Soviet Union yesterday presented Nato ambassadors in Moscow with a proposal for banning chemical weapons in Europe. While offering little new in substance, the offer appears to be a conciliatory gesture before next week's opening of the European Disarmament Conference (EDC) in Stockholm, Western diplomats believe.

The offer was presented as a "parallel" step to the long-running talks on banning chemical weapons which have been taking place in Geneva under the auspices of the UN Committee on disarmament for the last seven years.

The new proposal was presented to diplomats as a Warsaw Pact rather than a purely Soviet initiative and included a suggestion for an East-West meeting some time this year to explore ways of ridding Europe of chemical weapons.

Western diplomats interpreted that as an offer to expand the field of arms control. As such, it was in marked contrast to Soviet actions after initial Nato deployment of cruise and Pershing 2 missiles in Western Europe. The deployment was followed by Moscow's decision last November to walk out of Intermediate-Range Nuclear Force (INF) talks in Geneva and its refusal to set a date for a resumption of the parallel Strategic Arms Reduction (Start) talks.

The text carried by the Tass news agency proposed the creation of chemical weapon free zones in Europe and the gradual reduction of stockpiles and deliveries of such weapons to countries which already possess them.

Reduction of chemical weapons in Europe "would undoubtedly strengthen European security, help lessen the threat of war and facilitate the consolidation of mutual trust and improvement of the overall political atmosphere," Tass added.

The reference to "mutual trust" and "improvement of the political atmosphere" appears to echo the subject of the forthcoming Stockholm conference, which is not arms control or arms reductions as such, but military confidence building measures. These are aimed at reducing the risks of accidental war by improving communications between the military blocs.

Foreign ministers from both Nato and Warsaw Pact countries are expected to attend the opening week of the Stockholm conference. Mr Andrei Gromyko, the Soviet Foreign Minister, is scheduled to meet Mr George Shultz, the U.S. Secretary of State. Sir Geoffrey Howe, the British Foreign Secretary, and other Western leaders for what Nato diplomats hope will be the first real East-West talks since Nato went ahead with deployment of the new U.S. missiles.

European television groups to join Eurikon cable network

BY RAYMOND SNODDY IN LONDON

SEVERAL LEADING European broadcasting organisations are considering taking part in a new Europe-wide cable television service aimed at the young executive and emphasising political and financial news.

The Eurikon service, which might involve broadcasting organisations from up to 10 of the European Broadcasting Union (EBU) countries, should be available by June.

It will be delivered by the low-power ECS satellite to the head ends of cable networks all over Western Europe.

Eurikon, which will have a public-service broadcasting flavour, will be run from the studios of NOS in the Netherlands and be financed by advertising. Four hours of programmes will be broadcast every night in six languages.

There will be an hour of news and current affairs, with a European rather than national perspective, including financial news from the leading European stock exchanges.

The rest of the programme time will feature the best of the output of the companies involved.

In addition to NOS, the companies most likely to take part are RTE of Ireland, RTVE of Spain, Switzerland's SSR and ERT of Greece.

Several independent British television companies and YLE of Finland, JRT of Yugoslavia and BRT of Belgium are also interested. Companies that want to take part are drafting their contracts.

Eurikon will be run as an independent company. The broadcasting organisations will hold a controlling 51 per cent stake. The European Commission may provide about 10 per cent of the funds, largely to pay for the translation involved.

The start-up and running costs for the first three years are expected to be about $18m. A big proportion will come from NOS, which has been asked by the Dutch Government to contribute to a pan-European broadcasting satellite service.

The Eurikon service will contrast greatly with the other international service already broadcasting to cable systems in Europe: Mr Rupert Murdoch's Sky Channel. That is entirely based on general entertainment and much of the programming is American.

Mr Neville Clark, who has been seconded from Britain's Independent Broadcasting Authority to run the Eurikon project, said: "We would expect that the amount of programming from outside Europe would be a very, very small proportion."

Mr Clark believes the service could from the beginning be available to as many as 3m homes connected to cable systems.

The signals, which will be scrambled, will be available to cable system operators for an operating charge of less than 70 U.S cents per subscriber.

Eurikon might be the precursor of other forms of pan-European programming. Later this month, the EBU is likely to decide whether to accept an offer of free satellite capacity.

East German measures stress profit and output

BY LESLIE COLITT IN BERLIN

EAST GERMANY has introduced a series of economic measures designed to save labour, increase agricultural output and improve industrial efficiency.

The country's cautious leadership is careful not to call the measures a reform, as it does not wish to imply that the old system was faulty.

Starting this month, East German companies must pay the state a 70 per cent tax on wages, which is designed to make companies release excess workers to sectors where they are most needed. Wages make up 26 per cent of total costs, which are thus expected to rise by nearly 18 per cent.

According to Herr Erich Honecker, the East German leader, one of the reasons, why East Germany's labour productivity lags 30 per cent behind that of West Germany is that the workforce is wasted.

An East Berlin newspaper said the "hour of truth" had arrived for many companies that had reported savings in hours worked last year which did not lead to an equivalent increase in labour productivity or lower costs.

Direct subsidies to East German collective farms have been dropped and they are to pay the normal industrial prices for energy and other input factors.

The farms are also to be paid higher prices for their products in order to improve yields, especially of fodder, with the aim of reducing imports. Consumer prices for food, however, will not increase.

The total government subsidy received to maintain low prices for basic foods, services and rents has risen EM 11m ($3.8m) this year to EM 33bn. Collective farms will be taxed according to their profitability, with the most inefficient ones paying the highest tax.

Part-time farmers producing on private plots will also receive higher prices. They deliver up to 40 per cent of the country's eggs, 20 per cent of the fruit and vegetables, a quarter of the tobacco and all the honey and rabbit meat.

The main indicators to be used by industry are no longer gross output but instead net production, profit, production for consumption and exports. Industry, however, still has more than 100 other indicators to deal with in planning and accounting.

East German exports are important in its clearing system trade with West Germany, where it is estimated to have bought DM 500m worth of West German goods on credit last year and resold the products elsewhere to gain hard currency.

The pre-eminence of profits and net production marks a return to the principles of the new economic system launched 20 years ago. At that time, Herr Günter Mittag, who was then, as now, the Politburo secretary in charge of the economy, said profit was "indispensable" as a dependable measuring stick.

That principle, however, was soon abandoned and East Germany continued its policy of strict state regulation of all prices and even greater subsidies.

Jordanian Cabinet announced

By Rami G. Khouri in Amman

KING HUSSEIN of Jordan yesterday appointed a new Government headed by former Interior Minister and intelligence chief Mr Ahmad Obeidat. He charged it with continuing the talks with the Palestine Liberation Organisation (PLO) to formulate a joint Jordanian-Palestinian position on Middle East peacemaking efforts.

The 20-member Government, taking over from the former Cabinet of Mr Mudar Badran, includes 12 East Bank Jordanians and eight Palestinians. Key appointments include Foreign Minister Mr Taher Masri, former Jordanian ambassador to Great Britain, and France; information Minister Mrs Leila Sharaf; Deputy Prime Minister and Interior Minister Mr Suleiman Arar, former speaker of the national consultative council.

Prime Minister Obeidat retains the defence portfolio as has been the custom in Jordan since 1967, when the country was placed under martial law following the Israeli occupation of the West Bank.

In his letter of appointment to the new Prime Minister King Hussein said Jordan would continue its dialogue with the PLO, which he called the free, sole legitimate representative of the Palestinian people.

The King repeated that Jordan remained fully committed to all Arab agreements and decisions which refer to Jordan's commitment to the 1974 Arab summit resolution recognising the PLO as the sole legitimate representative of the Palestinians.

Both the King's and Mr Obeidat's references to the PLO indicate again that reconvening the Jordanian parliament earlier this week is intended purely as an internal move, and is not designed to take over the PLO's responsibility for representing the Palestinians. The reconvened parliament includes 30 West Bank Palestinians and 30 East Bank Jordanians in its elected lower house.

King Hussein of Jordan went into hospital on Monday with a bleeding ulcer but is recovering and in good condition, officials said yesterday. An informed source said the King would be unable to deliver his address to the opening session of Jordan's newly revised parliament.

Nigerian exchange controls

By Tony Hawkins in Lagos

THE NIGERIAN military government yesterday announced stringent new measures to curtail the outflow of foreign exchange in its first big economic policy move since the December 31 coup.

The measures include drastic reductions in foreign exchange allowances for business and holiday travel abroad, cuts in remittances for Nigerians studying abroad, and in allowances to pay medical bills. According to one estimate, business travel allowances alone amounted to several hundred million dollars last year.

The new regime has also confirmed that it would go ahead with plans to reform the foreign-exchange allocation system by transferring responsibility from the Central Bank of Nigeria to the commercial and merchant banks – a proposal made by former President Shehu Shagari in his budget, two days before the military takeover.

Bankers were given details of these proposals yesterday at a special meeting convened by the Central Bank of Nigeria.

They said that in terms of the guidelines, their foreign currency allocations would now be based on the levels of their actual foreign remittances over the past five years.

Imports will be classified into seven categories ranging from top-priority items, such as essential foodstuffs, and medical goods to non-essential items.

The existing "Form M" import allocation system is cumbersome and inefficient and has been the target of strong criticism by businessmen.

Bankers said the business travel allowances for Nigerians had been cut to 100 naira ($132) a year.

The banks were also told that in 1984 the growth in their lending would be restricted and that the accounts of the state-owned corporations would be shifted from the central bank to the commercial banks.

The banks have welcomed initially these measures designed to stabilise Nigeria's external payments, although they believed that there are a number of issues that require clarification and possible modification.

Nigeria seeks delay in IMF talks, Page 6

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Accra	[illegible]	[illegible]	[illegible]	Dubrovnik	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]		[illegible]	-1	30
Ajaccio	[illegible]	[illegible]	[illegible]	Faro	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]		[illegible]	3	37
Algiers	[illegible]	[illegible]	[illegible]	Florence	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]		[illegible]	28	84
Amsterdam	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	Manila	[illegible]	[illegible]	[illegible]		[illegible]	-9	16
Athens	[illegible]	[illegible]	[illegible]	Funchal	[illegible]	[illegible]	[illegible]	Manchester	[illegible]	[illegible]	[illegible]		[illegible]	2	36
Bahrain	[illegible]	[illegible]	[illegible]	Geneva	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]		[illegible]	27	81
Bangkok	[illegible]	[illegible]	[illegible]	Gibraltar	[illegible]	[illegible]	[illegible]	Mexico City	[illegible]	[illegible]	[illegible]		[illegible]	16	61
Barcelona	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Miami	[illegible]	[illegible]	[illegible]		[illegible]	13	55
Beirut	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]		[illegible]	—	—
Belfast	[illegible]	[illegible]	[illegible]	H. Kong	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]		[illegible]	17	63
Belgrade	[illegible]	[illegible]	[illegible]	Innsbruck	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]		[illegible]	18	64
Berlin	[illegible]	[illegible]	[illegible]	Inverness	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]		[illegible]	11	52
Biarritz	[illegible]	[illegible]	[illegible]	I.o.Man	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]		[illegible]	-6	21
Birmingham	[illegible]	[illegible]	[illegible]	Istanbul	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]		[illegible]	11	52
Blackpool	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]	Nassau	[illegible]	[illegible]	[illegible]		[illegible]	10	50
Bordeaux	[illegible]	[illegible]	[illegible]	Jo'burg	[illegible]	[illegible]	[illegible]	New Delhi	[illegible]	[illegible]	[illegible]		[illegible]	5	41
Boulogne	[illegible]	[illegible]	[illegible]	Las Palmas	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]		[illegible]	1	34
Bristol	[illegible]	[illegible]	[illegible]	Lisbon	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]		[illegible]	1	34
Brussels	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]		[illegible]	1	34
Budapest	[illegible]	[illegible]	[illegible]	London	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]				
B. Aires	[illegible]	[illegible]	[illegible]	Los Angeles	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]				
Cairo	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]				
Cape Town	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]				
Casablanca	[illegible]	[illegible]	[illegible]					Prague	[illegible]	[illegible]	[illegible]				
Chicago	[illegible]	[illegible]	[illegible]					Reykjavik	[illegible]	[illegible]	[illegible]				
Cologne	[illegible]	[illegible]	[illegible]					Rhodes	[illegible]	[illegible]	[illegible]				
Copenhagen	[illegible]	[illegible]	[illegible]					Rio de Janeiro	[illegible]	[illegible]	[illegible]				
Corfu	[illegible]	[illegible]	[illegible]					Rome	[illegible]	[illegible]	[illegible]				
Dublin	[illegible]	[illegible]	[illegible]												

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Dollar slips from peaks

Continued from Page 1

The Bundesbank, which on Monday sold upwards of $350m to slow the dollar's rise, made only modest sales of the U.S. currency to speed its fall yesterday.

European monetary officials said it was clear that the Bundesbank was ready to demonstrate its presence in the market if the dollar moved up too sharply.

Some bankers said that, apart from the $43m the West German central bank sold at the Frankfurt fixing, there may have been limited intervention early in the day, but generally it stood aside.

FINANCIAL TIMES
Wednesday January 11 1984

Texaco plans $4.75bn loan for Getty purchase

BY WILLIAM HALL IN NEW YORK

TEXACO, the third largest U.S. oil company, is planning to raise more than $4.75bn through an eight-year revolving credit term loan facility to help finance its planned $9.9bn purchase of Getty Oil.

Texaco says in its offer document for Getty that it has received commitments from its bankers for amounts "substantially exceeding $4.75bn on an unsecured basis."

Texaco has the option to choose the interest rate to which it wants the loan linked. The options are: the domestic U.S. certificate of deposit rate plus ½ per cent for the first five years, and the CD rate plus ⅝ per cent for the next three years; or the London Interbank offered rate (Libor) plus ⅜ per cent for the first five years and Libor plus ½ per cent for the last three years. Texaco says that only if all of the 38m shares of Getty Oil held publicly are tendered would it need the $4.75bn.

It is not yet known how the Sarah C. Getty Trust will choose to be paid for its 31.8m Getty shares, nor how the J. Paul Getty museum intends to be paid for its 9.3m Getty shares.

These two shareholders, which account for 52 per cent of Getty Oil, have various options open to them, some of which are outlined in the Getty Oil offer document. Texaco says it can pay the entire $9.9bn in cash if required, but it looks as if the two trusts will opt for the issue of some debt securities to meet part of their consideration, and this will reduce the overall cash element in the total price.

According to the documents, Texaco has been advised by Gordon P. Getty, sole trustee of the Sarah C. Getty Trust, that it is his current intention to sell "no more than 50 per cent" of the trust's Getty shares for cash, 25 per cent for Texaco debt securities and 25 per cent for securities of other companies, which Texaco would acquire for the trust under Mr Getty's direction.

Meanwhile Pennzoil, the medium sized U.S. oil company which had originally agreed to restructure Getty Oil in partnership with Gordon P. Getty, yesterday announced that it had filed a lawsuit against Getty Oil, the Sarah C. Getty Trust and the J. Paul Getty Museum. The oil company alleges that the parties broke their agreement to work with Pennzoil.

In particular, Pennzoil is seeking an order making Getty Oil grant Pennzoil 8m shares at $110 each, which was part of the original agreement. Pennzoil stands to make $120m profit on these shares if it exercises its option.

However, lawyers for Getty Oil have indicated that the agreement with Pennzoil was never finalised and are disputing whether Pennzoil has a right to the 8m shares. Pennzoil's chairman, Mr J. Hugh Liedtke, believes that Getty has broken its word.

Air Florida reaches debt swap agreement

By Terry Dodsworth in New York

AIR FLORIDA, the troubled U.S. airline, has reached a debt swap agreement with Interfirst Bank of Dallas which is expected to improve its earnings by almost $1m a quarter from the elimination of interest charges.

The airline described the deal yesterday as the first step in a two stage bail out which will also involve an unnamed outside investor.

Talks have been going on with the investor for several days, and Air Florida is expected to announce an agreement shortly on a cash injection which will allow a further reduction in its outstanding debt, now standing at $108m after the cancellation of $33m worth of loans from Interfirst.

The Dallas bank has also released its liens on Air Florida assets as a part of the deal. In return, it will receive $6.5m in cash and around 15 per cent in the airline's equity through a new share issue – worth around $7.5m at yesterday morning's share price of $2⅞.

Air Florida is to finance the cash portion of this deal by a further loan taken up from General Electric Credit Corporation, which is advancing $6m short-term. This is then to be paid back from funds raised by a sale and lease-back agreement with Guinness Peat Aviation on four of Air Florida's fleet of Boeing 737s, which will raise well over the required $6m.

Mr Donald Lloyd-Jones, chairman, said yesterday that Air Florida could be generating net profits in the first quarter of this year following its reorganisation. In the third quarter of last year the airline, which employs 1,750, made an operating profit of $1.16m, but a net loss of $4.2m after interest charges and $1.3m of non-recurring charges.

Amfas cuts staff by a third

BY WALTER ELLIS IN AMSTERDAM

AMFAS, the troubled Dutch insurance group which is currently discussing takeover by Nationale Nederlanden, is to pay off 950 of its 3,300 staff – nearly one third of its total workforce. Several hundred jobs will go almost at once: the rest will follow at intervals still to be negotiated with the trade unions.

The Amfas board insists that the dismissals have nothing to do with the talks with Nat Ned, the Netherlands' biggest insurer. Large-scale restructuring was made inevitable by the losses of recent years, particularly in property and marine insurance, and only a few dozen job losses would be attributable to the planned merger, the company said.

In 1983, Amfas is believed to have recorded earnings of only Fl 5m ($1.9m), following a deficit in 1982 of Fl 68m. The group's marine insurance division in London has been completely reorganised, and major changes are being prepared for the property division, including major reductions in the portfolio.

Changes in the management of Amfas are also being prepared. The three-man former board resigned towards the end of last year following top-level disagreements on policy, and the new managing director, Mr Henk van Bussel, formerly of Volvo Car, is believed to be pushing through a series of reforms. Further details will be announced later in the month. A Nat Ned nominee to the board is certain, but not immediately.

Nationale Nederlanden, which already controls 40 per cent of Amfas's shares, has prepared a public offer for the rest in the shape of half of one of its own shares plus Fl 70 for each Amfas certificate. Talks between the two groups will get underway in earnest once the present cost-saving measures at Amfas have been agreed. Amfas will not comment on the money it will save as a result of its redundancy programme until negotiations with the trade unions have been completed.

Sweden names PKbanken chief

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government yesterday appointed Mr Karl Erik Persson, formerly head of the Swedish co-operative movement, as the new chairman of PKbanken, the state-owned commercial bank, in a move aimed at restoring order to the bank's leadership.

Nearly half of the bank's board resigned last month in protest at the Government decision to remove the existing non-executive chairman, Mr Lars Sandberg, a former top trade union official. At the same time, the Government was forced to delay the planned issue of SKr 400m ($48.7m) of new shares in PKbanken to private investors.

Mr Sandberg's dismissal came in the wake of the so-called "Rainer affair," in which the bank was accused by Sweden's banking supervisory authorities of acting illegally in the way it granted a series of large loans to Mr Ove Rainer, a member of the PKbanken board, before his appointment as Justice Minister.

Mr Rainer was forced to resign from the Government in November in a scandal over his personal tax affairs.

In addition to Mr Persson, the Government also announced three further board appointments: Mr Gösta Renell, finance director of Volvo; Mr Olof Lund, chief executive of FFV, the state-owned defence equipment manufacturer, and Prof Gunnar Hambreus, president of the Swedish Academy of Engineering.

The Government has faced a difficult task in finding new members for the PKbanken board, and it has also been forced to give up its intention of appointing a "full time chairman with professional competence".

Mr Persson, who originally joined the Swedish Co-op as an errand boy straight from school and who has spent his whole career in the co-operative movement, would be devoting "at least half his time" to the new post, the Finance Ministry said yesterday.

Overseas closures for Harris

By William Hall in New York

HARRIS BANKCORP, the third largest bank in Chicago, is to close branches in London and Singapore – its two main overseas banking operations – and is centralising its international trading activities at its Chicago headquarters.

The bank, which has operated a full branch in London since 1970, says that escalating costs have constrained the level of trading profitability in London and Singapore.

Harris plans to give up its recognised bank status under the UK Banking Act and convert its London branch into a representative office. It is unclear whether the bank will move out of its Moorgate offices, but Harris officials said that every effort would be made to find jobs for the 30 staff affected.

The bank says the centralisation of trading activity in foreign exchange, bond and financial instruments has been made possible by advances in technology

Harris Bankcorp is in the process of being taken over by the Bank of Montreal, but Harris officials said last night that the move to centralise trading in Chicago had been under consideration before the Bank of Montreal bid

IBM steps up mainframe pressure

BY OUR FINANCIAL STAFF

INTERNATIONAL Business Machines, the world's largest computer maker, increased the pressure on its mainframe competitors by introducing new models of its System 36 and System 38 computers and cutting prices by up to $32,500.

IBM is also introducing the electronic typewriter 95, with double the existing capacity of the electronic 85. The new model can also be used as a printer for the IBM Personal Computer.

IBM has cut the price of its System 38 model 8 by as much as $32,500, while reductions on the model 4 are up to $17,500.

The model 6 has 25 per cent better internal performance than the model 5 at a lower price, contains up to 4m characters of main memory and can be connected to 128 terminals.

A typical System 38 model 6 configuration, with 2m characters of main memory, 795.3m characters of disk storage, 20 workstations and a system printer will cost $180,423, against $189,453 for a similar model 5.

The company said users of its top-of-the-line electronic typewriters could now attach a new diskette drive to store information, especially lengthy documents and frequently used formats.

The IBM 95 typewriter costs $2,395, while the diskette drive will cost $1,330.

Hurwitz in new share deal

By Our New York Staff

MR CHARLES HURWITZ, the Houston investor, intends to build up a stake of over 15 per cent in Castle and Cooke, the food products company which has launched a leveraged buyout bid for Dr Pepper, the soft drinks group.

United Financial Corporation, a company affiliated to Mr Hurwitz, announced yesterday that it intended to purchase further Castle and Cooke common stock to add to its present 5 per cent stake. United Financial has bought 1.5m Castle and Cooke shares over the last few weeks at between $17 and $17.875 a share.

MCO Holdings, another company connected with Mr Hurwitz, made a common filing with United Financial. MCO holds a further 3.8 per cent of Castle and Cooke.

It is thought that Mr Hurwitz's main interest in Castle and Cooke may lie in its valuable land assets, which include extensive acreage in Hawaii and California. Last year, Castle and Cooke had losses of almost $40m, but in the first half of its current fiscal year it generated profits of $5m net from continuing operations.

Rodime wins $50m TeleVideo contract

BY GUY DE JONQUIERES IN LONDON

RODIME, the fast-growing Scottish manufacturer of computer disk drives, has won a contract worth up to $50m to supply products to TeleVideo Systems, the leading independent manufacturer of computer terminals in the U.S.

TeleVideo is also poised to make a major thrust into the UK market through an agreement with Thorn EMI, which will distribute exclusively TeleVideo's recently launched personal computers in Britain and Ireland, replacing a network of dealers.

The five-year agreement, to be announced tomorrow, marks Thorn EMI's first move into small business computers. The British company plans to set up a special sales and customer service unit to support the TeleVideo equipment.

The TeleVideo contract with Rodime, which is a non-exclusive supply agreement for deliveries to be made over 18 months, is the biggest won by the Scottish company since it was formed in 1980. It is worth almost double Rodime's £19.1m, turnover in the year to September 30.

The contract is for rotating disk memory drives to be fitted to TeleVideo personal computers and terminals. The drives, the largest of which can store up to 42m bytes (computer words), use magnetic heads to write and read data on revolving metal disks.

The first shipments, to be made in about two months, will be from Rodime's plant in Glenrothes, Fife. But production is expected to be transferred to a factory which the company is building in Boca Raton, Florida, after it goes onstream early this summer.

Rodime, which was formed by a group of managers previously employed in Scotland by Burroughs, the large American computer manufacturer, has aimed from the start to carve out a big share of the U.S. market. Its shares were floated on the U.S. over-the-counter market in late 1982, though it is not quoted on any UK exchange.

It is one of the half-dozen major manufacturers of 5¼ inch rigid disk drives, and recenty took a world lead in the emerging market for smaller 3½ inch drives. Late last year, it won an order to supply 3½ inch drives to Compaq, a U.S. company which makes portable personal computers.

TeleVideo, which plans to buy both 5¼ inch and 3½ inch drives from Rodime, was set up in California in 1976 by Mr Philip Hwang, a Korean immigrant. Its turnover last year was $168.8m, 71 per cent higher than the previous year.

The company's business is based on inexpensive computer terminals, which it assembles in the U.S. and Puerto Rico, using parts imported from Korea. In the past two years, it has moved successfully into personal computers and recently launched a range of products designed to compete directly with IBM's personal computer.

TeleVideo went public in the U.S. last March. The issue price put a value of more than $500m on Mr Hwang's 69 per cent holding in the company, making him one of the wealthiest, of the recent crop of Silicon Valley entrepreneurs.

Conti-Gummi forecast

By Jonathan Carr in Frankfurt

CONTINENTAL Gummi-Werke, West Germany's leading tyre maker, expects to boost profits and sales again this year, allowing payment of a dividend for the second year running.

Conti-Gummi has already announced that it will make a payout of "more than 5 per cent" for 1983, after further success with its cost-cutting and restructuring plans. In the decade 1972–82 it was able to pay a dividend only once.

Sales of the parent company were up last year to about DM 1.96bn ($698m) from DM 1.87bn in 1982, while those of the group rose to DM 3.37bn from DM 3.25bn.

Closures hit Inland Steel results

By Our New York Staff

INLAND STEEL, the fifth largest U.S. steel company, is expecting to declare net losses of between $130m and $140m for its 1983 fiscal year, after taking a fourth quarter extraordinary charge of about $80m.

At the same time, the company has announced a new issue of 1.5m cumulative convertible preferred stock to raise $75m – its second capital-raising move in a year following the issue of 2m common shares to raise $57m last January.

Inland said that the extraordinary charges are connected with the closure of certain raw materials operations and the sale of its shipping container business. Steel shipments and sales in the last quarter reached their highest level since the third quarter of 1981, while average net prices were also on a rising trend.

Record turnover levels for options exchange

BY WALTER ELLIS IN AMSTERDAM

THE EUROPEAN Options Exchange, now in its sixth year of operation, expects a profit of some Fl 4.5m ($1.41m) for 1983 – a 300 per cent improvement on the previous year.

Turnover last year rose to more than 3.5m contracts. Up 133 per cent, while there was an increase of 261 per cent in cash terms, to Fl 1.78bn.

The Amsterdam-based exchange, which endured a difficult early period as the international recession hit equity values and investment, is now an established part of the Dutch financial scene. Indeed, so good has business been in recent days that on one occasion this week the exchange had to shut early to avoid being overwhelmed by demand.

Share options remained the most important sector last year, with 2.58m contracts being traded against 918,000 in 1982. But there was also increased trading in precious metals and bonds.

Kaufhof improves

By Jonathan Carr

KAUFHOF, one of West Germany's leading department store groups, achieved a "marked improvement" in profits in 1983, and seems set at least to maintain its 13 per cent dividend.

Sales of the group, which includes travel and fast food operations as well as the Kaufhalle economy store chain, rose by just 1.3 per cent to DM 8.6bn ($3.05bn). Parent company sales were up by 2.7 per cent to DM 5.9bn.

TURNROUND FOR MEDITERRANEAN SHIPPING GROUP

Sea Malta steers a profitable course

BY GODFREY GRIMA IN VALETTA

SEA MALTA appears set fair for a prolonged period of relative prosperity as it celebrates its tenth anniversary.

Admittedly profits for the government-created Maltese national cargo carrier tumbled in 1983, falling from M£818,000 to M£544,000 ($1.21bn). The company points to the relentless recession in shipping worldwide, Malta's own contracting economy and the recent costs that Sea Malta has had to bear in financing a new roll on-roll off (ro-ro) service to Livorno.

Yet although predictions for the current year are expressed in guarded terms, the possibility of Sea Malta sinking back into the red is emphatically discounted as "imponderable, almost an impossibility saving a major calamity," according to Mr John J. Borg, chairman.

These assurances are enough to mirror how dramatically Sea Malta's fortunes have turned around over the past three years, thanks to protective legislation.

Looking back, Sea Malta appears now to have wasted most of its first seven years fighting for business it could never hope to win from the better organised and financed foreign lines operating to and from Malta.

The deployment of the company's nascent fleet on long distance routes to the UK and northern Europe, it is now acknowledged, netted nothing but losses, while the introduction of Algerian and Libyan shareholders produced no significant compensation.

The tide turned in 1980, however. Mr Dom Mintoff's Government introduced legislation which gave Sea Malta the right to carry a maximum 50 per cent of cargo entering and leaving Malta.

Companies like Ellerman Lines and Manchester Liners of the UK, West Germany's DNOL, Holland's KNSN, and Tirrenia, Messina, Tarros, Gilvani and Italsud of Italy agreed to join Sea Malta in creating specially drawn up liner conferences covering the UK, north European and Italian routes.

In this way they were guaranteed a portion of the business Malta offers, while Sea Malta could safely dismantle its costly long-distance operations to concentrate on more lucrative short Mediterranean runs.

Thus Sea Malta now controls 50 per cent of the trailer and container traffic entering and leaving Reggio Calabria, operates an equally profitable weekly ro-ro service to and from Marseilles and Livorno and sails to Tunisia, Libya and Algiers once every 15 days.

The costlier runs to and from Britain and northern Europe are operated by Sea Malta's liner conference partners who carry Sea Malta's cargo on these routes on the basis of a chartering agreement.

Within three years of these deals, Sea Malta managed to turn an accumulated loss of M£1.2m into a M£1.7m profit.

Having rid itself of its loss-making operations, Sea Malta quickly added a string of successful ventures to its liner operations. Transhipment of break bulk cargo for China's Ocean Shipping Corporation, Japan's Mitsui and NYK and Nordana of the U.S. holds promise once a new M£50m container transhipment harbour comes onstream on the island's south coast this year.

At the same time, an array of highly successful companies has been built up to trade, in many cases exclusively, in a range of allied activities.

Kenneth Gooding looks at Sao Paulo as a low cost production centre

Ford matches Brazil against Japan

BRAZIL HAS the potential to match Japan as a low-cost source of high-quality cars, says Mr Bob Lutz, executive vice-president, Ford International Automotive Operations and responsible for all the Ford activities outside North America.

To back his point Ford is tomorrow to launch Brazilian-built versions of its Escort car in three European markets—Norway, Sweden and Finland—with a launch in Iceland to follow next month or in March.

The Brazilian cars will go on sale alongside European versions of the Escort, but will have retail prices 6 per cent to 7 per cent below those for the European cars. Visually there is little difference between the two versions, but the new imports have Brazilian-designed engines of 1,340 ccs or 1,550 ccs. They will, however, incorporate Ford's five-speed transmission, which is made in Bordeaux, France.

Ford sees a need for the Brazilian cars in order to price some Escort models against the *Japanese in the Scandinavian* markets. In Scandinavia the Japanese do not face the 11 per cent tariff imposed by the European Economic Community.

The Japanese have 36 per cent of the Norwegian car market, where Ford is market leader in company terms, with 15 per cent. In Finland, the Japanese have nearly 40 per cent, but in Sweden, which has its own domestic manufacturers, their share is only around 15 per cent.

Ford has imported 3,000 Brazilian Escorts for the launch and will gear future imports to European events.

The group has a clear interest in Brazil fulfilling its potential as a car-producer. It has in the past few years clawed its way back to profitability in many Asia-Pacific and South American markets by switching the sourcing of its cars from Western industrialised countries, particularly the UK, to Japan.

Ford owns, however, only 25 per cent of Toyo Kogyo, the Japanese supplier of cars for its network in Asia-Pacific, but has almost 100 per cent of Ford do Brazil.

Mr Lutz says: "We are continuing to develop the relationship with Toyo Kogyo. But we are also devoting a lot *of attention to Brazil.*"

Brazil has a large domestic car market and developed industrial infrastructure. Wage rates in the Sao Paulo area, the major vehicle-producing region, are about $2 an hour. "You can take a reasonably well educated labour force, and introduce Japanese methods of employee training and employee involvement to get first-class quality," says Mr Lutz.

Until recently, the Brazilian component suppliers had been "a problem because some of the big suppliers have had a quasi-monopolistic position, and, because imports of parts are prohibited, they have been able to charge more or less *what they wanted.*

"But we are in the process of pointing out to the Brazilian suppliers that they have got to be more efficient and more competitive on a world basis.

"We've made very good progress in convincing them that *this can be so. My big hope is* that by doing the right things in Brazl we can make that country cost competitive with the Japanese in the production *of automobiles.*"

One element in Ford's global strategy is to be represented in every world car market—as long as it can make a return on investment. But, according to Mr Lutz: "That is not to say that if the bottom line is not there we *pull up stakes and* get out."

The point came, however, when "we had to identify a lower-cost source." In Asia *Pacific* "we *have turned round* from being a perennial loss-making operation" supplied out of Europe, to "a very healthy profit-making operation supplied out of Japan. And that turnround took place even in countries where we once had a great deal of difficulty making any money—like New Zealand, Taiwan and Malaysia."

In 1982 the Toyo Kogyo-supplied products helped Ford take market leadership over its arch-rival General Motors in Australia for the first time in more than 30 years—and Ford made profits while GM piled up losses there.

In all, Ford earned $613m outside North America in 1982, a $226m improvement on 1981. Ford as a whole lost $658m in that year, compared with $1.06bn.

The Ford business has helped push Toyo Kogyo, which sells its own cars under the Mazda badge, into ninth place in the world's vehicle production league with an output in 1982 of 1.2m. only just behind Fiat's 1.3m. In 1983 TK's production rose to 1.24m.

Not too many years ago, Ford was following a regional policy with North America, South America and Europe each doing its own thing. That has changed, *and now the group has a global* strategy which links them all and includes TK.

Mr Lutz argues: "There has to be a global strategy because it is *getting so incredibly* expensive to create new car model lines. So you either have to earn more and more money on a car in order to generate the necessary financing for its replacement or you have to extend the life of each model, or you have to start *trimming your product* lines.

"None of these are satisfactory" alternatives. During the next eight to 10 years, says Mr Lutz, "we will try to get as many mechanical components as possible to be interchangeable between cars we make around the world.

"We now routinely ask ourselves when designing new engines and transmissions 'Will it fit in our cars of similar *size* in all parts of the world?' And we do those packaging studies even if there is no immediate apparent need to use that unit around the world'."

Mr Lutz also suggests: "There is nothing indecent about Ford of Europe designing a transmission for North America or North America designing an engine for Ford of Europe. As we reduce the number of people working in the product development area we have to take *advantage of pockets of slack* as they occur—something we did not do in the past."

Eventually Ford will attempt to head back to a "world car" strategy as embodied in the Escort, which is produced in Europe, North and South *America and* South Africa and has a comparable model in Toyo Kogyo's line-up, called the Lazer. However, a "world car" can push up costs if there is no need to replace models in both North America and Europe at the same time.

This problem is exacerbated if the group wants to build the *world* car in Latin America or Asia-Pacific markets, because this could involve cutting short the use of *partly-amortised* equipment to get into step with Europe and the U.S.

"In places like Mexico, Veneguela, Argentina and Brazil or South Africa, where you have local content regulations and relatively high investment per unit and relatively high piece cost per unit, you simply can't cycle the products as quickly as in Europe and the U.S."

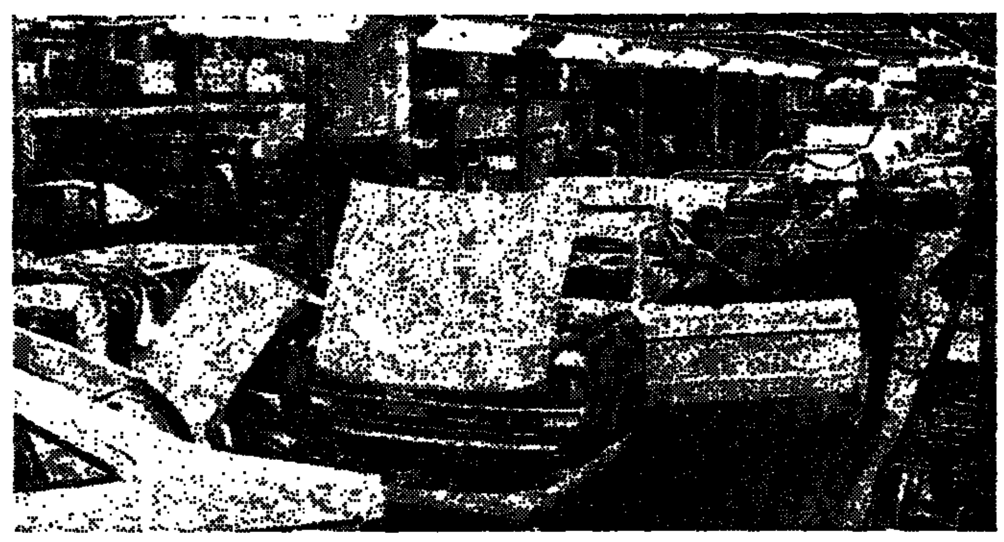
However, *Ford forward* product cycles are being co-ordinated, and the probability is that in future only one of the main Ford regions — North America, Latin America, Asia Pacific or Europe—will develop a new car, instead of there being four parallel development programmes.

There are difficulties associated with this approach, not the least of which are the vagaries of international currencies. Mr Lutz quotes as an example Ford of Europe's car engine plant at Bridgend, Wales. "That went from being *a very good decision* at three marks to the pound to being a disastrous decision at 4.28 marks to the pound and back to being a good decision at 3.5 *marks to the pound.*"

There is the growing tendency for countries to insist that any vehicle producer who wants to import components or cars must balance those imports with exports of at least equal value—and in some cases three times the dollar value.

"So it may well be that you decide to put your new engine plant into Mexico to protect the import and sale of profitable U.S. cars in Mexico even if each one of the Mexican engines will be slightly more expensive than if Toyo Kogyo had built it in Japan."

Mr Bob Lutz, responsible for Ford activities outside North America



Ford cars being made in Sao Paulo

INTL. COMPANIES & FINANCE

Chris Sherwell reports on Thailand's efforts to contain the damage caused by the failure of a major finance company

Bangkok bankers ride the storm

AFTER THREE months of anxiety and argument, Thailand's banking authorities are nervously watching to see whether a series of legal and administrative measures has contained the damage caused by the failure of a major finance company last October.

It is a testing time for the Government, banking community, and general public. So far five finance companies have been closed down and two others brought under the control of the Bank of Thailand, the country's central bank. About 20 of the remaining 105 or so still operating are believed to have sought help from a rescue fund.

More companies are expected to be closed or taken over, and holders of promissory notes issued by finance companies are expected to continue withdrawing their deposits as the notes mature unless confidence returns. While the larger finance companies and the banks themselves are not at risk, the affair has exposed faults in the way finance companies operate and has highlighted weaknesses in the system of official supervision.

The severity of the jolt to Thailand's financial system has been heightened by the unwelcome setback it has delivered to the stock market, which was only just starting to recover from the last such crisis, in 1979. Indeed, the fact that something similar has occurred before has made the affair doubly embarrassing for the government.

In both 1979 and recently, the problem can be traced crucially to the unregulated growth of the finance company sector. Thanks to Thailand's rapid growth in the 1970s, which brought wider reaches of the country's business into the monetary economy, and to continued restrictions on local and foreign entry into the commercial banking system, nonbank institutions blossomed.

The handful of finance companies in existence in the late 1960s had increased to 113 by 1978. By 1982 their assets showed a more than 90-fold increase on 1970 to over Baht 100bn ($4.3bn). This amounted to almost one quarter of the assets of the whole commercial banking system.

Apart from loose regulations issued in 1972, no law controlled these companies until 1979, just before the first crisis. The companies issue promissory notes which carry fixed terms and attractive—often over-attractive—rates of interest. The notes comprise the companies' main source of funds, which are then lent primarily to the private sector, often for questionable purposes.

In 1979 high interest rates abroad induced capital outflows which caused a domestic liquidity shortage. Stock market prices slid, imposing strains on the finance companies which invested large portions of their holdings in stocks. The Raja Finance Company collapsed, and the government had to act swiftly to stabilise the financial sector.

In 1982 two institutions involved in housing finance and mortgages — were bankrupt as a result of a housing and construction slump caused by the global recession. They were taken over and reorganised, but the action was inadequate and another domino in the chain was set up.

When Equity Development Finance Company first announced it had liquidity problems early last October, the Bank of Thailand's instinct once again was to organise a rescue, even though its troubles had been known. Bangkok Bank, South East Asia's largest commercial bank, together with Asia Credit, an affiliate, were asked to look at the books but reported that the company could not be salvaged.

Noteholders' lifeboat

That was when the trouble started. The central bank found it had to dissolve not only Equity Development but also two affiliates — one of them a company which took over the liabilities of the 1982 bankruptcies. At the same time a second company, Yawaraj Finance and Securities, stopped honouring its promissory notes.

Panic promptly set in, with noteholders besieging the companies and the Bank of Thailand. Rumours spread of more companies in trouble, worsening the problem as even secure companies came under near-intolerable pressure.

The Thai Financial Syndicate Company, of which 14 major banks are shareholders, was asked to be a lifeboat for noteholders. The idea hit snags, but holders of bad paper will now receive their money back without interest over a period of 10 years — for them, a combination of protection and penalty.

The Thai Bankers Association, the Association of Members of the Securities Exchange, and the Thai Finance and Securities Association meanwhile organised a Baht 5bn bailout fund to ease companies' liquidity problems. This too hit difficulties over administration, until last month the fund was deposited at the State-owned Krung Thai bank to be run by an agreed committee. Help from the fund depends, however, on a pledging of assets — not always easy for troubled companies.

A debate meanwhile ensued on how to act against wayward companies, on ways to toughen existing legislation and on the merits of establishing a scheme to protect depositors. Rifts emerged between the Bank of Thailand and the Finance Ministry, to which it is ultimately responsible for major decisions.

Mr Sommai Hoontrakool, the Finance Minister, vetoed the deposit insurance scheme by threatening to resign if he was forced to accept it. He said it would not solve the problem at hand, and the idea is now pigeon-holed. The central bank, which has long wanted the scheme, sees its rejection as a setback.

Sommai, taking a bold line by Thai standards, urged tough action against irresponsible companies, and it was confirmed that Equity Development and its two affiliates, together with Yawaraj Finance, had lost their licences while two Yawaraj affiliates were brought under central bank control.

Although the Bank of Thailand's instincts are to avoid disruption, and a loss of confidence in the banking system, it has also needed the additional powers given under amendments announced last month to the 1979 Finance Securities and Credit Foncier Act.

The amendments stipulate the criteria under which a company can be considered unstable and can be bound to report to the central bank on proposed remedial measures. They also require companies to raise their minimum registered capital, and to submit their accounts every six months rather than every year.

On top of this the central bank can screen and reject company executives, go in and look at a company's books, and recommend closures. Penalties for offenders have also been increased and include jail terms. The central bank has already instituted proceedings against the man behind Equity Development, but under the old law.

Bad practices

Bankers are quick to point out, however, that the old law was not simply deficient. They say the problem is also one of inadequate enforcement and of tolerance of bad practices. "The Bank should not allow finance companies to issue promissory notes at call, or to take small deposits of Baht 20,000," says one. "They are not banks. They should be involved in longer-term finance."

Nor has the problem simply been one of existing companies having to take over liabilities of collapsed ones. According to a Bank of Thailand economist finance companies extend substantial portions of their credit to ailing affiliated companies, concentrate their lendings on large borrowers and grievously mismatch their borrowings and lendings.

Moreover, being typically family oriented, the companies tend to lack professionalism and their associations, unlike the Bankers Association, fail to represent their collective interest.

Bankers remain convinced that, once the present storm passes, the establishment of a Deposit Insurance Institute will have to be entertained, and may yet be essential to restore public confidence. In the meantime the onus remains with the central bank to clear up a mess for which it shares the blame with both the free-wheeling finance companies and the banking public with its half-open eye for the best possible deals.

By Thai standards, the authorities have acted unusually quickly to stem the tide. But that was because the crisis had already engulfed them, and the implications of a loss of confidence were alarming. The question remains whether they have done enough.

Data General in Singapore

By William Hall in New York

DATA GENERAL, the U.S. mini computer group, is to build a $25m plant in Singapore to make printed circuit boards for video display units and desk top computers. The new plant, set for completion in 1985, will be the biggest of the group's five plants in the Far East.

The 120,000 sq ft facility will manufacture printed circuit boards which, until now, have been largely manufactured at the group's North Carolina facility. Data General says the Singapore plant will be used to supply boards to other assembly plants in Hong Kong, the Philippines.

Perlis lifts earnings

By Wong Sulong in Kuala Lumpur

PERLIS PLANTATIONS has reported an 18 per cent increase in pre-tax profits to 64.8m ringgit (US$27.8m) for the year ended September 1983 on turnover down by 11 per cent to 417m ringgit.

Earnings from sugar plantations and refining were flat, and the increase came largely from property development, sugar futures trading and hotels.

Profits exclude extraordinary gains of nearly 10m ringgit from the sale of Kekatong, a property subsidiary, and the disposal of an associate company.

The final dividend is 10 cents making 28 cents for the year, compared with 25.5 cents previously.

Union Carbide sells Indian plant

BY R. C. MURTHY IN BOMBAY

UNION CARBIDE, the third largest U.S. chemicals group, has reached agreement to sell its Rs 300m ($31.7m) petrochemical complex in Bombay to Reliance Textile Industries.

The Indian subsidiary of the American group will transfer to Reliance Textile its naphtha cracker and facilities (to manufacture, among other products, ethylene, propylene, benzene, toulene, and low density polyethylene) all located some 40 km from Bombay. Union Carbide will retain the profitable business of dry battery manufacture.

The decision to shed its petrochemical business is influenced by poor profitability and gloomy prospects for getting Government permission to expand in order to improve the economies of scale.

In common with other companies in the area, Union Carbide has been hoping to get natural gas from the Bombay High offshore field to replace the expensive naphtha as feedstock for the cracker. But the priorities of the Government are to allocate the gas first to a number of fertiliser plants in the public and private sectors, and then to two public sector petrochemical complexes on the west coast.

Preliminary studies have indicated that more gas will be available from Bombay High than had been expected from earlier official projections. The Government last year decided to lift crude petroleum production at Bombay High in the year to March 31 1985. As a result, more associated gas would be available.

Foreign companies get the lowest priority, however. The Government is planning to allow some Indian companies to set up gas-based sponge iron plants and gas turbines to produce electricity.

After the naphtha cracker acquisition, Reliance Textile, as an Indian company, may stake a claim for natural gas to substitute naphtha and for permission to expand the facilities. It has joined with Du Pont of the U.S. in building a polyester filament yarn plant in Bombay.

Reliance is one of the fastest growing companies in India, with its Rs 10 shares quoted at Rs 123. The company says the naphtha cracker acquisition will enable it to diversify into Naphtha and alcohol based chemicals.

More foreign banks for Taiwan

BY ROBERT KING IN TAIPEI

FIVE NEW foreign banks have joined 26 already here in the intense competition for a share of Taiwan's financing market. The five are the Royal Bank of Canada and the Hong Knog and Shanghai Bank which recently opened their branches, and Banque Nationale de Paris, Credit Lyonnais, and the Amsterdam Rotterdam Bank, which expects to open in the near future.

Taiwan's Finance Ministry is also likely to approve the application of the Chartered Bank, to set up a branch here in 1985.

The new branches face already intense competition for shares of Taiwan's foreign exchange and financing market. Dealings in local currency are restricted to Taiwanese banks.

Some of the banks that have been in Taiwan for some time have been highly critical of the Government's decision to allow heightened competition in an already tight market. But the Finance Ministry has justified its decision by the specialised nature of the recently approved branches.

The Ministry generally approves applications for new branches if it feels their expertise will fill gaps in Taiwan's financing structure, will diversify national representation, or will serve to further political and trade ties with certain nations.

But the new bank branches are likely to move cautiously to avoid the disasters that have struck other newcomers to the Taiwan lending market over the past couple of years.

A series of failures by companies that were supposedly healthy cost the newcomers—and a few oldtimers as well—tens of millions of dollars each in uncollectable unsecured loans. Subsequent government audits turned up case after case of fraudulent financial reporting on the part of some of the companies causing bankers here to take second and even third looks at their portfolios.

The five newly approved branches are likely to concentrate on lending to internationally orientated companies such as those in trade to avoid the bitter lessons learned by others.

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	124	—	6.4	5.2	7.3	9.6
158	117	Ass. Brit. Ind. CULS...	136	—	10.0	7.4	—	—
78	62	Airsprung Group	77	+1	6.1	7.9	22.0	22.0
38	21	Armitage & Rhodes......	28	—	—	—	—	—
277	141½	Bardon Hill	277	+2	7.2	2.6	11.3	22.9
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
200	186	CCL Ordinary	198	—	5.0	2.5	4.5	6.3
151	121	CCL 11pc Conv. Pref....	147	—	15.7	10.7	—	—
190	100	Carborundum Abrasives	190	+5	5.7	3.0	—	—
249	100	Cindico Group	100	—	17.6	17.6	—	—
63	45	Deborah Services	61	—	8.0	11.8	27.3	44.3
186	75	Frank Horsell	186	—	—	—	8.1	12.8
173	75½	Frank Horsell Pr Ord 87	173	—	8.7	5.0	7.3	11.9
69	39	Frederick Parker	39	—	7.1	18.2	2.4	3.9
39	32	George Blair	33	—	—	—	—	—
80	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
230	134	Isis Conv. Pref.	230	+5	17.1	7.4	—	—
121	61	Jackson Group	121	—	4.5	3.7	6.3	12.4
237	163	James Burrough	235	—	11.4	4.9	13.0	13.4
315	275	Minihouse Holding NV	315	—	4.0	1.3	23.7	23.7
176	117	Robert Jenkins	117	—	20.0	17.1	13.6	9.1
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	75	Torday & Carlisle	75	—	2.9	3.9	—	—
440	365	Trevian Holdings	440	—	—	—	9.0	8.2
26	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	65	Walter Alexander	87	+1	6.8	7.8	7.6	10.1
276	240	W. S. Yeates	240	—	17.1	7.1	3.7	7.7

UK COMPANY NEWS BIDS AND DEALS

Hogg Robinson advances to £3.5m at six months

A £671,000 improvement in pretax profits to £3.46m was achieved by **Hogg Robinson Group** for the six months to September 30, 1983 and the net interim divdend is being raised from 3p to 3.3p. *Last year a total payment of 6p* was made on profits of £10.57m.

The group's interests cover international insurance and reinsurance *broking and under*writing, benefit consultancy, Lloyd's underwriting, shipping and forwarding and financial services.

Commenting on the results, Mr Albert Wheway, chairman, says the first half outcome is encouraging, but the full year will again depend on broking volumes, which are traditionally greater in the second half, and the Lloyd's underwriting agency results.

Certain areas of the group's insurance broking have made material gains, but the effects of soft market conditions remain, he reports; adding that there are now some signs of a recognition of the need for sounder rates.

The travel and transport business shows healthy growth, he says, and the acquisition of *Wakefield Fortune will add to* this sector over the next two to three years.

Over the past few months a critical review of all the group's broking activities has been conducted by the directors. In the UK new management teams have been organised to integrate activities more closely and provide fresh impetus.

New senior management has been appointed to the U.S. *partnership, Republic Hogg* Robinson, and benefits are starting to be seen. The group has also reached agreement for the sale of its underwriting subsidiary, Bankers and Shippers Insurance Co. of New York. The price of US$13.1m, being the approximate book value, will result in a significant saving in interest costs relating to North American investments.

In addition the issue of divestment of the Lloyd's underwriting agents is under discussion and plans are being explored, says Mr Wheway.

Group turnover for the six *months under review advanced* from £26.28m to £30.45m and profits of subsidiaries pushed ahead from £1.76m to £2.11m, *while share of associates added* a further £1.35m (£1.03m).

Tax took £1.92m (£1.55m) for net profits of £1.54m (£1.25m) and earnings of 3.66p (2.51p) per 25p share. Below the line there were minority profits of £298,000 (£392,000) which left the attributable balance at £1.25m *(£1.1m including extraordinary* credits of £250,000). From this, dividends will absorb £1.12m.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
Hales Props	int	1.5	March 18	1.33	—	3.42
Hogg Robinson	int	3.3	March 30	3	—	6
Munton Bros†	int	1.5	—	1.5	—	3
Owen & Robinson	int	Nil	—	3	—	10
Rayford Supreme		2.1‡	*Feb 27*	—	2.1	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § *Unquoted companies.*

MEPC takes further bite at bond market

MEPC, the second largest property company in Britain, has re-entered the domestic corporate bond market with the issue of a £70m forty year first mortgage debenture stock.

A £30m 35 year debenture was issued in September 1982 only days after BOC Group broke almost a decade of inactivity in the corporate bond market with a £100m debenture stock.

Mr Christopher Benson, managing director of MEPC says the proceeds will be used to reduce variable rate debt of £139m (of which about £40m is sterling debt) and to finance its *property development programme.*

The new stock, together with the £30m debenture issued in 1982, *is secured against a portfolio of properties including* The Friary in Guildford and West One in Oxford Street with a total value of £166.69m.

MEPC decided to come to join the issue queue in November on the advice of Hill Samuel. Mr Benson says: *"The market moved* a little in our favour and the outcome has been very satisfactory."

The £70m issue scheduled for full repayment in 2024 has been fixed at a margin of 1.05 per cent over the 13¼ per cent Treasury *Stock 2004/08. The coupon is 10⅞* per cent and the gross redemption yield on issue is 11.24 per cent at a price of £95.711 per cent.

Full payment has been deferred with £25 per £100 nominal due on acceptance and the *balance on May 31, 1984.*

The issue has been well received by the market as it precludes the possibility of a rights issue. Mr Benson says: "The debenture should give us a three year horizon though it is impossible to predict precisely when we might need to return to the market."

Hill Samuel and Morgan Grenfell are merchant bankers to the issue. Dealings are expected to commence at 2 pm on January 12 for special settlement the following day. Brokers are *Cazenove, Rowe and Pitman and* Fielding, Newson-Smith.

Ray Maughan examines events that led to mail order link-up

Empire Stores' Italian connection

THERE IS a certain parallel about the deal which Empire Stores (Bradford), the smallest *quoted catalogue* mail order group in the UK, has struck with its two new Italian shareholders.

Empire had been widely tipped to announce a *link* with Continental retailers at about the time that Great Universal Stores, the dominant mail order *group, disclosed first talks and* then an outright bid for Empire.

The projected merger came to an abrupt halt when the Monopolies Commission decided *unequivocally that a bid would be* against the public interest but the Commission's verdict merely *served to spark the interest of* Sears Holdings.

Sears had never taken any direct interest in the mail order business but it proposed creating a "new force" in the sector by putting Empire and Grattan, Empire's big Bradford rival, under one umbrella.

Grattan was willing to deal but Empire refused to come to the negotiating table. Sears consequently withdrew the terms of a merger which valued Empire at 80p per share. Ten months further on, Gecos and Selefin, two private, unrelated, *Venetian companies, have* jointly acquired a 20 per cent holding in Empire at precisely this price.

It turns out that the Italian companies had been looking for an avenue into the British mail order scene for some time but the onset of the first GUS approach, and the catalogue of events which subsequently beset Empire, stayed their hand until this week.

The first impulse of the stock market, not unnaturally, was to put the Empire share price up to 86p on the view that the Italian *stake would make the company* even more than usually bid sensitive. Gus, after all, must sell at least 17 per cent of its diluted *stake in Empire before the end* of this year to comply with Department of Trade requirements and so with two shareholders controlling almost half its equity Empire has been at pains to pin at least one of them down to a lasting commitment.

The details of the Italian placing, which will be presented for shareholders' approval, are expected to show that Gecos and Selefin cannot influence the group through their board representation by calling unscheduled board meetings or by opposing dividend recommendations and the like.

The Italians are to be locked in for a certain number of years, unless Empire can place their stake, and cannot lift their holding beyond 29.9 per cent for a set period.

Empire has denied strongly that this is designed as a defensive move and, other than at least neutralising a substantial chunk of its enlarged capital, the placing does ease the potential strain on the group's finances.

Empire reports on a January year end which means that the latest available balance sheet snapshot is, to say the least, historic but the effect of the £3.7m placing proceeds would have been to pull 1982-83 gearing down from 52.5 to 38.1 per cent.

As to the trading benefits, Empire is again stressing the long term nature of the deal. Gecos, which controls 62 supermarkets, two hypermarkets and 110 discount food stores in central and Northern Italy is expected, as Mr John Gratwick, the Empire chairman, says "to challenge us" and to ensure that the group *is fully alive to* the new technical developments in retailing.

The direct implications of the Gecos link are deliberately vague and probably unplanned. The tie-in with Selefin, which for the purposes of UK securities regulations is acting in concert with its Venetian neighbour, is more immediately apparent. It owns 20 ladies fashion outlets through its Coin Grandi Magazzini subsidiary and 29 Magazzini Oviessi self-service clothing and household goods stores.

The effect of the deal with Selefin is first to secure somewhat irregular Italian supplies for Empire's catalogues and more generally, to add a fashionable Italian lifestyle presentation to Empire's wares, either through its existing catalogues or through separate brochures.

But the new Italian connection does nothing to remove the imponderable of GUS' holding, acquired at an average of about 113p per share. GUS is saying nothing about the placing until it has examined the full documents.

It will not be surprised to learn, surely, that Gecos and Selefin is hamstrung either as a bidder or as a stalking horse for a third party offer for some considerable time after GUS's own disposal deadline has expired.

LRC sale to consortium reaps £2.8m

LRC International has sold its *wholly owned subsidiary,* Irradiated Products, to Isotron for £2.8m.

The consideration received by *LRC included the repayment of* certain loans totalling £1.14m by Irradiated Products (IPL) and a final dividend of £463,000.

For the year ended March 31 1983, IPL achieved a turnover of almost £1.4m and a profit before taxation and exceptional items of *£330,000. Net tangible assets at* year end totalled £850,412.

The business of IPL is the provision of a Cobalt—60 gamma irradiation service from three plants for a wide range of industrial applications.

Isotron is a newly incorporated company owned by a group of institutional investors led by Thompson Clive & Partners, and funds managed by Thompson Clive.

The management of Isotron will have an equity stake in the company with the present joint *managing directors of IPL,* together with two other IPL employees, owning a maximum of 11.7 per cent in aggregate of Isotron.

NEW LIFE BUSINESS

Strong growth at Friends' Provident

STRONG growth in new life business in 1983 is reported by the **Friends' Provident Life Office**, particularly in the UK, its main area of operation.

New annual premiums in the UK increased from £29.6m to £61.6m, with sales of mortgage-related contracts rising fivefold —annual premiums of £22.7m against £4.4m in 1982. Premiums on the 10-year savings plan Maxidowment doubled to £7.3m, while premiums on protection contracts increased by 85 per cent.

The company's entry into the unit-linked life market last year brought in £623,000 of annual premiums and £25.8m of single premiums. This accounted for the growth last year in all UK single premiums business which advanced from £7m to £33m.

The company also saw improvement in the pensions sector where new premiums (annual and single combined) rose from £27m to £38m. New premiums on executive pensions rose from £7.3m to £9.7m, while there was a £9m increase in new income to the managed fund. Self-employed pensions saw an improvement in annual premiums *business offset by a drop in* single premiums.

Equity and Law Life Assurance Society reported a rise of one third on its worldwide new annual premiums from £22.8m to £30.2m, and a 56 per cent rise in single premiums from £54.1m *to £84.4m.*

New annual premiums on UK individual business rose by nearly 40 per cent, thanks to a *doubling in premiums on mort*gage-related contracts from £3.2m to £6.5m and an 80 per cent rise in linked life assurance business *following the successful* launch of a new Multiplan contract.

Single premium business in the UK advanced by two-thirds, *mainly due to single premiums* on linked investment bonds nearly trebling from £9.3m to £25.7m.

The Society had a satisfactory year for group life and pensions business. New annual premiums on insured group schemes rose 12 per cent from £1.6m to £1.8m, while single premiums on insured group schemes more than doubled from £1.7m to £3.5m. Single premium payments into managed fund schemes rose *by three-quarters from £12.2m* to £21.3m.

Highlights of the Society's overseas business were a near *90 per cent jump in new annual* premiums in Germany and a rise of one-quarter in single premiums on the Dutch business *from £15.8m to £19.9m.*

Guardian Royal Exchange Assurance reported a one-third rise in new annual premiums on *its worldwide business* from £48.8m to £65.8m and a near 40 per cent advance in single premiums from £76.8m to £101.5m.

New annual premiums in the UK improved nearly 60 per cent from £29.8m to £47.2m, with the outstanding features being the growth in mortgage-related business and unit-linked life business. New annual premiums on MIRAS contracts soared from £1m to £15m, while new annual premiums received by the linked life subsidiary GRELLA were nearly 250 per cent higher at £2.9m.

UK single premiums rose by on-third from £70.9m to £96.1m— most of this growth coming from a near *trebling in linked life* bond payments to £49.2m.

The company had a mixed year for new employee benefit and *pensions business. New annual* premiums were nearly 20 per cent higher at £14.8m against £12.5m, but single premiums fell *14 per cent from £45.3m to* £39.1m. The company reports further success for its specialist GRE Pensions Management operation and *of* its Versatile Individual Pension Plan which is now available in both traditional and linked forms.

Harvard action on prospectus

Harvard Securities, the licensed dealer, is planning legal action against Petroleum Mining Company, an Isle of Man based group whose shares Harvard was planning to bring to the over-the-counter market.

Harvard withdrew the proposed offer for sale of £3.5m worth of Petroleum's shares because of a disappointing response by potential investors. Applications for only 60 per cent of the 5m shares offered at 70p per share were received in the offer.

Harvard was expected to lose at least £500,000 in lost commission and fees associated with promoting the issue.

Now Harvard is planning to take Petroleum Mining Corporation to court in a dispute over facts contained in the prospectus in connection with the offer.

Estates boosts Western stake

Estates & Agency Holdings, the property investment group, has increased its stake in loss-making car retailer and delivery *group* **Western Motor Holdings** to 29.4 per cent and placed three new directors on the Western board.

Five of Western's directors, including the chairman Mr J. R. Smyth, have resigned. Estates said it does not intend to make a full bid for Western.

Western's shares fell 2p to 73p yesterday, while Estates rose 1p to 138p.

Estates announced yesterday it had bought a further 10 per cent stake—90,000 shares—in Western on January 9, taking its holding, including associates, to 29.4 per cent of 264,684 shares.

Estates and persons acting in concert with it, also hold 15.9 per cent of Western's "A" non-voting equity. It began building up its holding last November.

The Mumford family retain 42 per cent of the ordinary and 38.9 per cent of the non-voting share capital. The board changes, which were considered after Estates increased its holding, have the support of the majority of the voting share capital, Western said.

The new directors of Western are Mr J. S. L. Rosefield, chairman of Estates, Mr J. G. Bixley, a director and company secretary of Estates, and Mr M. C. Manisty, a partner of Westblake and Company, a Plymouth stock-broker.

The directors to resign from Western are Mr Smyth, Mr A. G. Budgen, Mr E. G. Hoare, Mr K. J. Mumford and Mr R. Mumford.

Western Motor, which is based in Plymouth, reported a pre-tax loss of £440,000 in the six months ended June 30 1983 after four full years of losses.

Estates was acquired by Rosedimond Holdings in 1982.

Cookson in £19m U.S. purchase

Cookson Group says contracts have been signed with **Alpha Metals Inc.**, a wholly-owned subsidiary of BTR based in the U.S., whereby Cookson will acquire the business and assets of Alpha in the U.S., the shares of the Alpha overseas subsidiaries and the shares of its 50 per cent associated company in West Germany. The total consideration is *approximately $26.5m (£18.9m).*

Alpha is engaged in the supply of a broad range of solder products primarily for the *electronics industry.*

As part of the total transaction, the U.S. business and assets of Alpha have been *acquired by Cookson for a consideration equivalent to the* value of the net assets in the U.S. and is estimated to be approximately $20m.

The consideration for the acquisition will be satisfied by the issue to Alpha of 5.7m new, fully paid ordinary 50p shares in Cookson.

Lazard Brothers and Co has agreed to purchase the new shares and to procure purchasers *for them at a price of 252.5p per share. The value of the placing* is £14.3m after expenses. Brokers to the placing are W. Greenwell and Co.

The shares in the European subsidiaries of Alpha, including associated company in West *Germany, have been acquired by* Cookson for a consideration of approximately $6.5m, satisfied by the issue of an interest free note by Cookson in favour of Alpha redeemable at par on April 1 1985. The book value of the net assets of the European companies to be acquired is approximately $4.5m.

In addition, Cookson has agreed to purchase Alpha's 50 per cent share in Alpha Metals, Hong Kong, on March 31 1986 *for which the consideration* would be satisfied by an interest free note from Cookson redeemable at par on September 30 1988. *It is estimated that at the* proposed date of purchase the book value of the total net assets of Alpha Metals will be approximately US$13m; the total pre-tax profits in the year ended December 31 1982 were $1.7m.

MINING NEWS

Start at Ok Tedi is delayed again

BY KENNETH MARSTON, MINING EDITOR

A LAND-SLIDE of some 50m tonnes of mud has further delayed the start of mining operations at Broken Hill Proprietary's A$1.6bn (£1.04bn) open-pit gold and copper venture at Ok Tedi in the Star Mountains of Papua New Guinea, reports Michael Thompson-Noel from Sydney.

Originally, it was hoped to start mining the gold cap at the deposit in March of this year and to commence extracting the copper ore as well about two years later. It is now thought that mining operations will not begin until the end of the year and some 600 workers have been laid off.

Ok Tedi is one of the world's most challenging mining projects. It is situated high up on Mount Fubilan in rain-soaked jungle terrain close to the Indonesian border. The annual *rainfall can approach 400 inches* but, ironically, construction operations were hampered in November 1982 by a prolonged drought.

Adding to the latest delay and its cost is the recent decision by the Papua New Guinea Government that mining will not be permitted to start until a permanent tailings (waste) dump had been constructed.

It had been hoped to make do with a temporary pond while a permanent dam was built, but this raised fears of pollution of the nearby Fly River.

The reserves were last put at over 400m tonnes, sufficient for an operating life of between 25 and 30 years at the planned extraction rates.

Ownership of Ok Tedi is split between BHP (30 per cent), Amoco Minerals, a *subsidiary of* Standard Oil of California (30 per cent), the PNG Government (20 per cent) and a consortium of West German metal companies (20 per cent).

Charter losses force SSM to cease trading

Scottish Ship Management, a leading name in the UK ship managing business, has ceased trading after making a trading loss in 1983 of £1.7m, said Lyle Shipping, its quoted parent company.

The move followed the failure of SSM to renegotiate an unprofitable five-year charter on a bulk carrier owned by a Far Eastern company. This ship has been returned to the owner.

SSM ran into trouble on the charter because of the continued low level of freight rates. The bulk of last year's losses at SSM stemmed from this one charter, which has been running for about 18 months with Glasgow-based Lyle.

Lyle said all other companies in the group, which includes off-shore activities, were trading normally. No further trading losses are expected to result from SSM, nor were any significant exceptional losses foreseen from the decision to cease trading.

Part of SSM's problems stemmed from the sale of ships from the fleet of Hogarth Shipping, until last October a 29.9 per cent shareholder in Lyle. Management of these vessels had previously provided income for SSM which covered the losses on the Far Eastern ship.

The ship management activities of SSM have now been transferred to Lyle Ship Management. Other ships in the Lyle fleet are not affected. Lyle reported a £1.46m pre-tax loss in the first half to June 30 1983.

Trafalgar House

Kleinwort Benson and Co, merchant banker, has placed 7.51m Trafalgar House ordinary shares with institutional and other investors at 204p per share net to the buyer.

The placing results from Trafalgar House's purchase of 21.94 per cent of Candecca Resources from Bristol Oil and Minerals Co.

Kleinwort said its own clients bought 1.8m of the Trafalgar House placing.

Earlier this month Trafalgar and Candecca announced agreed terms for an offer valuing Candecca at about £78.5m. The deal with Bristol Oil and Minerals was disclosed at the same time.

Trafalgar is offering 10 of its ordinary shares for every 11 Candecca ordinary. Kleinwort is making a separate cash offer at 204p per Trafalgar share.

New management team moves in at Marinduque

THE GOVERNMENT of the Philippines has installed a new management team at the head of **Marinduque Mining and Industrial** following the withdrawal of the Cabarrus family, which *founded the company in the late* 1960s.

Marinduque, which produces nickel, copper and cement in the Philippines, has been a chronic loss-maker and has already received substantial sums in government assistance.

The Government's holdings, both direct and through various agencies, now amount to around 90 per cent of the company's *capital, reports Leo Gonzaga in* **Manila**.

The four members of the Cabarrus family who controlled Marinduque, brothers Jesus and Jaime and Jesus' two sons Jesus Jr and Jose, left the company at the beginning of this month.

At its inception, Marinduque raised some U.S.$500m (£345m) in foreign loans, largely to finance its nickel project. The company has been unable to repay these loans because of *successive annual losses.*

The servicing of the debts has been undertaken by the state-owned Development Bank of the Philippines and the Philippine Bank, which also act as loan guarantors and have granted peso credits to Marinduque.

The Government has appointed Mr Alfredo Velayo the new president of the company. Formerly with the local Herdis group, Mr Velayo has also worked for **Manila Mining Corporation**, which produces gold, and **Lepanto Consolidated Mining**, a local copper producer.

Mr Velayo has appointed as his executive vice-president Mr David Mytton, a Briton who was senior vice-president of Lepanto.

M & G investment policy

PART of the **M & G Group's** approach to investment is to make a point of getting to know the people who run the companies in which the group is interested.

In the annual report covering the year ended September 30 1983 the directors publish the group's policy on investment. "We believe that substantial investors like ourselves should have firm and lasting relationship with the managements of companies in which we have a large interest," they state.

M & G manages or advises funds which have holdings of 5 per cent or more in the equity capital of over 220 companies; in addition it has investments of £7m or more in some 30 of the largest public companies.

The directors do not presume to tell the management how to run their businesses, but "if a *company's actions are likely to* jeopardise the interests of shareholders, we find that constructive intervention can often be preferable to disposing of a holding."

This means that they take a long term view of performance and try not to be deflected by short term considerations. "This seems to us to be in the best interests of both industry and our own investors."

The directors recognise that successful companies are those who keep clearly in mind the balance between the interests of their customers, workforce, and shareholders.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Dairies, Bespak, Ellis and Everard, Magnet and Southerns, United Packaging.
Finals:—Abbey Panels Investments, Bakers Household Stores (Leeds), Bluemel Brothers, Pyke Holdings.

FUTURE DATES

Interim—	
Hillards	Jan 23
Finals—	
Bett Brothers	Jan 18
Blundell Permoglaze	Feb 2
Edinburgh American Assets Tst	Jan 25
Hadland Holdings	Feb 17
Kellock Trust	Feb 1
Meggitt	Jan 24
Pleasurama	Jan 12

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The right man for the job?

Alain Cass on the uncertainties surrounding selection for overseas postings

" Pity the Englishman's leaving . . . I understand his wife couldn't stand the pace "

EXPATRIATE managers who do not measure up to working overseas can prove costly to their employers. Yet very little is known about the underlying causes for these failures, largely because of companies' reluctance to discuss their reasons for bringing mangers home before their due time.

Even the rate of failure is unclear — though research in the U.S. in 1979 indicated that somewhere between 10 and 30 per cent of middle to senior managers sent abroad by U.S. companies were being repatriated early.

Now, however, two London psychiatrists—Dr Ricky Caplan and Dr Maurice Lipsedge—are to undertake a novel research programme, in co-operation with a number of major British companies and government departments, to find out just how well expatriates cope with being abroad, how good their selection procedures were and whether they should have been sent abroad in the first place.

Although some work has been done in this field in Canada, the Netherlands and the U.S.—where the "failure" rate is believed to be particularly high—this is the first time that British multinationals and government departments have agreed to submit volunteer employees for a screening before they are sent abroad. (The companies and Whitehall departments concerned have asked not to be named).

Dr Caplan, a senior registrar at St George's Hospital, believes that it is not only those expatriates who have to be flown home early who can have problems abroad. "It is too narrow a view," he says, "to restrict the psychiatric reason for early repatriation to conventional psychiatric illness. The reasons must be broadened to include alcoholism, marital disharmony and unexpectedly poor work performance. Very often the company does not recognise this; it simply thinks it has picked the wrong man for the job."

Caplan's research will focus on how employees cope with stress both in their private and professional lives. It also aims to monitor their performance during their stay abroad and interview them on their return.

Most companies, says Caplan, have no reliable way of assessing what an expatriate employee might do under stress. "They have no idea of the difficulties he's facing, although most companies are very proud of their screening procedure."

This view is supported by Dr Gert Hofstede, an experienced Dutch social psychologist who has done extensive research in this field and is currently involved in a similar project with ICI.

"Most people," he says, "do not realise how much their lives change when they go abroad because they are not aware of to what extent life at home is supported by a familiar pattern of relationships. Consequently very little is known about what makes an expatriate effective, and what kind of support he needs."

An essential part of the research being undertaken by Caplan and Dr Maurice Lipsedge, a senior consultant at Guy's Hospital, is the inclusion of the wives of expatriate employees in the screening process. As yet no accompanying husbands have been found.

A wife's ability to adapt to a totally different environment and cope with long periods of loneliness and boredom may be crucial to the performance of her husband.

"The tragedy," says Caplan "is that, in many cases, because the company has no reliable way of monitoring how the wife copes, it never gets to know of the problems. It assumes every thing is OK, which is only storing up trouble for the future."

Caplan recently interviewed the wives of 15 expatriate employees of a major British company. "Most were unhappy abroad," says Caplan, "and two seriously contemplated committing suicide because they were under so much pressure or were depressed because they were left alone for long periods. Their husbands, by contrast, enjoyed their stay abroad and the company assumed everything was fine."

One of the major problems impeding effective research in this field is the understandable sensitivity which most people have about revealing emotional or psychological problems to their employers. "Confidentiality is a big problem," admits Caplan. "If people feel a company has ulterior motives they won't trust you. Others may feel that just by admitting they or their wives are having problems in coping abroad then they'll wreck their chances of promotion."

Most companies approached by Caplan have been happy to co-operate in the scheme. Government departments were less keen in the first instance. "Obviously a security consideration is involved," says Caplan. "But I'm pleased to say that at least one major department which sends many of its staff abroad has agreed." One oil major, however, refused to to take part even though it admitted having a 12 per cent "failure rate" with expatriates.

Under the scheme Caplan and his associates will interview around 50 couples between selection and going abroad. Many British institutions, it seems, are not yet ready to include psychological screening formally as part of their selection process for duty abroad. Nor are many willing to include wives in the selection process other than in a perfunctory way.

GKN-Quickform, which employs 2,500 people and has around 30 employees abroad at any one time, has tried psychological testing but found it unsuitable.

Doug Sykes, the company's international director, says: "We asked an American company about 15 years ago to test our entire sales staff. The organisation said they would have rejected over 70 per cent of what was a highly successful team on the basis of their tests. We haven't bothered since then."

Sykes admits though, that his company's failure rate (employees whose work performance abroad deteriorates or have to be pulled back early), is around 30 per cent.

ICI is working with Hofstede and not participating in Caplan's scheme but it does have a well-established selection system for expatriate employees and is conscious of the difficulties in selecting the right person for the job.

Says Bill Robinson, head of the company's international personnel division: "Psychological testing is an area we are interested in but the problem is finding a reliable system.

"We tend to have around 600 people overseas on temporary assignment at any one time and many thousands more who have effectively emigrated to work abroad for the company.

"We look for two things. Can he do the job? And will he make a good expatriate? It's very difficult, however, to get into the area of psychological testing before selection. It's not really part of the ICI culture or, for that matter, of the British company culture."

A senior manager at ICI was recently offered an African post but turned it down after his wife flew out and decided she would not be able to cope. "There is no question of penalising the man for that," says Robinson. "Mind you, we're a big company and we can afford to fly a family out to Africa and then have them say 'no!' For small or medium-sized companies it would be more difficult."

Caplan recognises that any screening process has its problems. "Past qualifications are one guide. References are another. But you may get a situation in which a manager wants to get rid of an employee so he gives him a better reference than he deserves. Another problem in psychological testing is whether the applicant is telling you what he thinks you want to hear."

One British multinational with substantial construction contracts abroad has resolved the problem in the case of Iraq by sending only Swedish nationals. "We decided that they had the temperament to cope with the pressures."

One of the most important ways of minimising breakdowns abroad, Caplan believes, is self-selection. "If people want to go abroad in the first place then they're more likely to adapt to the pressures. Too many companies, in my view, go in for the 'You, Saudi Arabia by Monday' syndrome."

Of all the organisations Caplan has so far examined the British Army has one of the lowest failure rates for expatriate appointments.

"This may seem surprising," he says. "But a combination of career management, careful briefing procedure, discipline and the fact that, wherever personnel go, they tend to take a little bit of Britain with them in the shape of base facilities, is of enormous help."

Costain, the construction group, employs around 300 people abroad at any one time. Junior and middle managers undergo a thorough interview, a personality test and a professional assessment by one of their peers. Senior managers are put through a full psychological test and their wives are seen by the company doctor.

Says Mike Parry, the company's head of international personnel: "I've been using personality and psychological tests for six or seven years, but most of our other senior managers are only just coming round to it. The company's policy for managers in the international field is to move them from posting to posting about every three years. We find the longer they've been abroad the more resilient they become."

A problem, says Parry, often arises not when sending employees abroad but when bringing them back. "They lose tax advantages, they may have lost their place in the pecking order — or feel they have — so there's an adjustment process required at this end too."

Parry feels that if an employee abroad falters or fails to come up to expectations, it is the company's fault. "If things go wrong then we've picked the wrong man or we haven't prepared him sufficiently. Either way it's our responsibility."

WORKING ABROAD

This is the first of an occasional series

Companies which believe they pay their expatriate staff enough not to have problems and then find they wilt under pressure abroad, could do worse than send their replacements to a castle in Surrey.

Farnham Castle, which was originally founded by the son of William the Conqueror, now houses the Centre for International Briefing, an independent charity, established in 1953 to help people adapt to working abroad.

Around 30,000 would-be expatriate employees have passed through the doors of the centre — the only one of its kind in Britain. Although the list of companies involved reads like an international corporate Who's Who, participants also include doctors, missionaries, teachers, engineers and military attaches —but not, however, members of the Foreign Office.

"What all these people have in common," says Patrick Lloyd, the director, "is that they're going somewhere new and have therefore got to cope with the fear of the unknown."

The courses at Farnham Castle are residential and last just under a week. They consist of intensive briefings on the countries and regions to be visited. These range from the historical, political and religious aspects of the country, to coping with shopping, education, leisure and local customs.

"A major problem," says Lloyd, "can be loneliness, especially for the wives. We tell people the worst they can expect so there are no ugly surprises. But we also try and develop a respect for the societies they are going to."

Courses are divided into four main geographical areas: Asia and the Pacific, Africa, the Middle East and Latin America and the Caribbean.

The centre does not provide courses for either North America or Europe but concedes that the problems of working there should not be belittled.

Alan Hall, who runs the Asia programme, says: "Most people who come here are realistic and know what they're letting themselves in for. But some tend to go with what I'd describe as an imperialist attitude. We try to explain to them that going out with the view that they're bringing civilisation with them is wrong and often deeply resented."

The centre claims a high success rate for its participants although it admits that no method is foolproof. "In the final analysis it's up to the individual," Lloyd says.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Signatures on cheque

WOULD you please inform me whether it is correct that a company receiving a cheque from another company, which shows on the cheque a place for two signatures, is required to make certain that two signatures are required for the cheque?

I issued a cheque with one signature on it, as that is my bank mandate, to a well known company and it called my bank to see if it would meet it. Unfortunately, some junior said no, but of course this was untrue.

I have received a very heartfelt apology from the manager of the bank concerned, but I am intrigued to know whether the company which checked up on my bank account has any legal right so to do.

The payee is not required to query the single signature, but since it is put on notice (by the form of the cheque predicating two signatures) that there might have been an irregularity it was perfectly proper for that company to make an inquiry. In any event a company in such a position has every right to make the inquiry, although the banker may decline to answer it.

Endorsing a cheque

Can you please inform me if any definitive legislation, regulations or bank procedure exists to prevent a cheque drawn payable to a limited company from being endorsed or directed to another destination. The "experts" don't seem to agree and I would be most appreciative of any help you can give.

There is no legislation. By crossing the cheque "account payee" or making it payable to a named payee but without the formula "on order" you can effect a de facto restriction on its being endorsed to another person.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A FINANCIAL TIMES SURVEY

KNOWSLEY

The Financial Times proposes to publish a Survey on the above. The provisional date and editorial synopsis are set out below.

1. **Introduction**
Knowsley cuts a north-south swathe through Merseyside, arcing round the Bootle and Liverpool boundaries towards the nearby Mersey at Halewood. In the north is the Liverpool overspill town of Kirkby and in the south is the Ford car factory of Halewood. Despite unemployment rates of more than 30 per cent in places, Knowsley still contains more of Merseyside's manufacturing industry than any other part of the region. It houses many successful companies, which include Ford, Birds Eye (Unilever), BICC and the U.S.-owned engineers Cross International. Knowsley is also home to the second biggest industrial estate in Europe.

2. **Industrial Outlook**
Knowsley has long been dependent on large companies, many of them international, for the bulk of its industry and jobs. Knowsley is trying hard to encourage the growth of small businesses in the hope of producing, long term, a better aggregate of different-sized companies.

3. **The estate becomes a park**
Kirkby Industrial Estate—the Heseltine initiatives of 1981, which followed the Toxteth riots, saw a speeding up of its transfer to Knowsley's own local ownership and control. Council and Government have since worked together using the urban aid programme and other sources of funds to improve the estate. The Knowsley Industrial Park is the second largest complex of its kind in Europe and has the priceless selling point of being quite literally only a few hundred yards from the national motorway network, putting at least 10m customers within two hours' driving.

4. **Tourism**
Knowsley's biggest tourism asset is another type of park: the Knowsley Safari Park is full of animals whose ancestors were once part of Chipperfield's Circus.

5. **Sport and the community**
Knowsley provides the outstanding example of the Government's pound for pound policy on securing private sector support for providing sports facilities in areas of high social need.

6. **Stockbridge Village Trust**
Stockbridge Village is run by a trust. The Council and the Government are joint participants with Barclays Bank, Abbey National Building Society and the builder—Barratt, in a unique new scheme to rescue the estate from what seems inevitable dereliction and abandonment.

7. **Operation Groundwork**
Operation Groundwork proved such a good idea that the Government rapidly extended it to all other parts of the North-West and beyond. It aims to rescue green land which is failing or has fallen into disuse and dereliction around the urban fringe, restoring it as farmland or creating landscaped public open space.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE ARTS

The good times avoid Broadway

Frank Lipsius reports on a lean year in the New York theatre

Too predictable to make a good plot, the fortunes of the American theatre last year again swung against the tide of the economy and people's moods. While shoppers made New York at Christmas a model for scenes of panic buying, pessimism reigns on Broadway, especially compared to the effervescent activity during the recent economic downturn.

With ticket prices what they are, it could hardly be assumed that down-on-their-luck people would take solace in theatres in bad times the way they supposedly do buying records and going to films. Yet Broadway had a great streak of openings and long runs in the recession that now have to tide it over the good times everywhere but here.

Of the contributions from 1983, it is hard to imagine many of them being around in a year's time. *Brighton Beach Memoirs* will, even though Neil Simon is a brand name that suffers from instant recognition. The very good natured reliability of the Neil Simon product makes it easy to dismiss. He had to fail a few times recently, with *Fools* for instance, to be appreciated for the risk he takes.

Brighton Beach Memoirs goes a long way to satisfy the complaint that Neil Simon cannot be serious. He cannot be very serious, it is true, but he can be serious in writing about something obviously close to him — his own childhood. In *Brighton Beach Memoirs*, he remembers himself as the cute, funny younger brother, wildly precocious and endearing to everyone but the one he loves, his beautiful cousin who's come to stay during the depths of the Depression. There are still many jokes. Though Matthew Broderick does a superb job as the Simon character, he must be replaceable from the breed of talented teenage actors that has recently energised the film industry.

American Buffalo is another memorable production that came to Broadway last year, starring Al Pacino. David Mamet is at his best with working class characters in work settings, even if here it is an old junk shop that reflects the characters' own dim jumble upstairs. In its first production, the play starred Robert Duvall, who was an entirely different, more wired and less cagy sort than Pacino. In Arvin Brown's atmospheric and tough production, another actor should take over when Pacino goes, to get yet another look at the play through a William Hurt or Kevin Kline.

Kevin Kline made an outstanding contribution to the theatre in 1983 as a breathtaking *Richard III* in the Shakespeare Festival's Central Park production. The most familiar lines sounded fresh in his mischievous posturing that made his character into a professional actor who happened to be playing a politician.

Indoors at the Public Theatre, Joseph Papp opened a redesigned and elegant foyer for a rather patchy year of plays. Vaclav Havel was discovered late in the year with three one acts that portray events in Czechoslovakia with sombre gravity and no surprises. It rings true as the kind of indignity one suffers at the hands of a bureaucrat, when a sadist might have been more compelling and satisfying. The search for other East European properties is now on, and as long as the company is not stuck on looking for causes, it should find plenty of interesting material to give the Public Theatre lots to do while awaiting the return of American drama.

This was the year an effort was made to capitalise on star names as the subjects of plays rather than as the leads. *Marilyn A Musical Fable* did at least (unlike *Chaplin* starring Anthony Newley) open on Broadway, though not for long. *Private Lives* boasted too many credits and too few assets in the valiant but short-lived repertory company headed by Elizabeth Taylor.

Only six musicals that opened last year were playing at year's end, and two of them, which are the least likely to see spring, opened in December. Of the other four, two are revivals (*Zorba* and *On Your Toes*), one is the camp attraction of the season (*Doonesbury*) and the last is disappointing but still the year's hit destined for a long run, *La Cage aux Folles*.

The December openings include *Baby*, a well meaning if sentimental musical that outgrew its life as a Hallmark greeting card. It is the kind of subject that one might have supposed came from a marketing survey to answer the needs of the baby boom as it reaches middle age.

The same might be said of the other December musical, *Doonesbury*, based on a topical comic strip that started on a college campus in the 1960s and has retained its irreverent hippy if now somewhat dated look at life. The cartoon characters are embodied in a talented group of young actors, led by Ralph Bruneau and Mark Linn Baker, but to an outsider the jokes sound a bit sophomoric, more appropriate for Footlights than Broadway.

Off Broadway boasts two long running Sam Shepard plays, *True West* and *Fool for Love*, as its answer to the drama drought. *True West* is good fun with garbage littering the stage in a typical Shepard finale, but *Fool for Love* rises above the typical to give a fresh look at Shepard's favourite subject, the nether region between the American working classes and drifting vagabonds.

Simon Gray's *Quartermaine's Terms* has had a long run in an expansion of the off Broadway turf right up to the Upper East Side, while the Manhattan Theatre Club had David McCallum lead a funny and pensive revival of Christopher Hampton's *The Philanthropist*, in a year when the company had to search out one acts and musical concoctions to meld together in interesting programmes.

Regional theatre did not steer much New York's way this year, adding to the vacancies. Kathleen Tolan's *A Weekend Near Madison* was anticipated with high expectations after its recognition in Louisville, only to be disappointing for its stereotype portraits of hippies gone to seed. Louisville alumna Marsha Norman won a Pulitzer Prize with her year's contribution *'night Mother*, a play of harrowing effect as a daughter calmly prepares to commit suicide in her mother's presence.

Two Nixon plays this year could be called irreverent, though the one starring Philip Baker Hall was a vengeful effort to put anti-Nixon feelings in a Nixon guise, while *The Basement Tapes* was a much more good-natured parody of the former President and his sidekicks Jerry Ford and Gordon Liddy.

Along with foreign imports, revivals there were aplenty with *Showboat*, *The Entertainer*, *A View from the Bridge*, *Porgy and Bess* (a resounding Radio City Music Hall production that filled that huge stage with a whole community), *The Caine Mutiny Court Martial* and *The Corn Is Green* all making appearances in New York during the year. *The Glass Menagerie* and *You Can't Take It With You* are recent examples, while the end of year saw a boisterous rendition of Michael Frayn's *Noises Off* open to loud guffaws on Broadway.

It is probably Peter Brook's *La Tragedie de Carmen* finally lighting the Vivian Beaument after the theatre's long run of bad luck that revived hopes for the new year, when some of the magic that used to be around could shine again, if only the drought would end.

Television/Christopher Dunkley

Another week of pain and pleasure

TUESDAY

A splendid night's television from BBC2 starting with the fourth of Arena's five programmes about *George Orwell*. Surprisingly in view of Arena's reputation for the unconventional, this series produced by Alan Yentob and directed by Nigel Williams has proved to be an admirable example of the conventional documentary biography. Family and friends from all periods of Orwell's life have been tracked down, either live or in programme archives, and their memories, views and reactions combined to provide a rich and complicated but eventually unmistakable portrait of an exhilarating honest middle class English intellectual. Best of all, the series has never lost sight of the most important element: Orwell's writing, which it returns to repeatedly. The decision to have the work of this early 20th century Etonian read in the comprehensive / polytechnic accents of the last quarter of the 20th century is a mystery bordering on a disaster, but that aside the series is exemplary.

In the first of a new series of *A Kick Up The Eighties* the indiscriminate nature of the targeting is worrying: they are as happy ridiculing peace campaigners as Nazis, equally willing to satirise feminism and video nasties. Casual viewers may admire such eclecticism, but on closer acquaintance it looks like the familiar spirit of the eighties: no beliefs, no principles, not even a point of view. Orwell would presumably have been disappointed if not particularly surprised.

WEDNESDAY

Whether David Boulton's programme about the Indian Nationalist Army, *The War Of The Springing Tiger*, was deliberately produced to provide background for *The Jewel In The Crown* or, as I suspect, was a touch of serendipidity it certainly adds remarkable detail to that background. Without this documentary about the sinister Subhas Chandra Bose and his followers I would have assumed that Paul Scott had simply invented the nationalist army featured in his Raj Quartet. Gen Slim apparently described the surrender of the INA as the major contribution that they had made to either side during the war, and it seems the army was of no great strategic importance. But as an expression of feelings towards the British Raj among at least a significant minority of Indians it is fascinating. Boulton's programme adds to the extraordinary process of re-education on the subject of the British Empire now being undertaken by television, largely though not solely via *The Jewel In The Crown*.

Alan Whicker is doubtless unequalled at asking the sort of questions he asks. But to bring him back for yet another series of *Whicker's World*, quizzing the rich about their luxurious indulgences amid this vale of tears, suggests a fearful lack of originality at BBC 1, as does the first episode of *Cockles*. This is a situation comedy in 55-minute episodes about has-beens in a once-was seaside town, the tone being so determinedly pathetic and melancholy that it is hard to know whether to cry or slash one's wrists.

THURSDAY

In much the same tradition of being determinedly English, proudly backward looking, and dotingly fond, Alan Plater's play *Thank you Mrs Clinksale* on ITV dealt with the weak repartee of six unsophisticated teenagers celebrating New Year's Eve 1951. Fair Isle sweaters, jazz and the second Attlee administration all played their part, but what might have been touching for 25 minutes became intolerable when allowed to ramble on for 85.

Ted Clisby's *1984—Voices in a City* in BBC2's "Forty Minutes" slot was the sort of collage documentary with no reporter and, ostensibly, no script of which we see precious few these days. But it left the viewer with many doubts: who arranged for the television in the shop to be running the famous Bloody Sunday sequence? Whose were the faceless voices saying things such as "Today there isn't much feeling or charity from people you don't know"? An actor's? The mayor's? Clisby's? We have seen enough television documentaries now to realise that this one told us too little to allow us to judge its real value.

FRIDAY

Today BBC2's *Newsnight* celebrated its 1000th edition—or rather, to its eternal credit, it didn't. There was no compilation of howlers, no champagne shower, no carefully rehearsed impromptu practical jokes, just a good current affairs programme as usual with a single throwaway line from Peter Snow about the anniversary. In four years *Newsnight* has established itself as the one indispensable news and current affairs programme of the day.

Rachel Ward and Richard Chamberlain in 'The Thorn Birds'

During a period when breakfast television has taken current affairs down market with Roland the Rat and astrology, bingo and agony aunts, *Newsnight* has actually practised what Peter Jay and the Famous Five preached: a mission to explain.

While the *Nine O'Clock News* has continued to fritter away the regard of serious viewers in exchange for a more matey tone, *Newsnight* has more and more definitely embodied the values of the BBC World Service which is the last place left on the radio where the news is presented as though by an intelligent man of the world rather than a blinkered Little Englander. *Newsnight* is strong on foreign news. In the past month or so there have been excellent reports on the Lebanon, Afghanistan and Nigeria. Last week there was an eye-opening film about Jonas Savimbi and the present position in Angola; last month David Sells did an excellent report on the Lambsdorff affair in Germany; and even if Morley Safer's aggressive piece on the supposed iniquities of Lagos was included mainly because of the cheapness of such American offerings it was still worth watching. Instead of a token nod of indulgence towards the arts *Newsnight* uses regular reports from Joan Bakewell who actually knows what she is talking about, as in today's piece from Merseyside on arts subsidies.

And in Vincent Hanna and Donald MacCormick *Newsnight* has two of the best informed and most enthusiastic political/industrial reporters in the business. Watching MacCormick fly the programme by the seat of his pants (or on his right ear to be more accurate) on the night of the last big Stockport Messenger picket, with Paul Barry on the picket line, Hanna door-stepping the TUC, and a couple of politicians in the studio, the viewer was not only kept well informed but could sense the very stuff of raw journalism as it occurred. With its line up completed by John Tusa, firmly established as one of the best presenters anywhere on British television, *Newsnight* should be set for thousands more editions.

SATURDAY

The peculiar thing about the first of five BBC2 programmes called *Men . . .* is that like so many other series these days it seems to be chiefly concerned with women: women's problems, men's views of women and women's views of life in general. The *exceptions* are the contributions from Philip Hodson who actually seems willing and able to talk about men and who has recorded his thoughts in a book also called "*Men. . . .*"* It is noticeable that a copy of this lying on my table is eagerly picked up by women but never by men.

*Ariel, £2.95.

SUNDAY

BBC1's answer to *The Far Pavilions* and *Jewel In The Crown* is *The Thorn Birds* which combines the open space of *The Waltons* with the sex of *Dynasty* and occasional cutaways to a kangaroo. After all those Indian locations it makes a change to be in a different bit of the Empire, though unfortunately a change for the worse. The central character is a Catholic priest called de Bricassart who attracts the love of an infant schoolgirl and the world's most glamorous old age pensioner (Barbara Stanwyck). This is no great surprise since the priest is played by Richard Chamberlain who, at the drop of a few rain spots, whips off his cassock and flexes his pectorals. They should turn the whole thing into a paperback romance, then we could dispense with the lingering shots of sky and sheep and zip through the plot. It should sell a million.

MONDAY

Like Clisby's documentary on Thursday today's film in Angela Pope's Channel 4 series *A Childhood* prompts more questions than it answers. Given that the simplest acts—cycling down a country road, discussing a school report, selling a raffle ticket—have been filmed from umpteen different angles not simultaneously but in consecutive takes, one wonders what exactly the end result is supposed to represent: how children behave after a few rehearsals? Should we be reviewing their acting? Since even such simple events are manipulated by the film makers, which activities are not and how are we supposed to know? The camera was waiting inside the empty house when the children climbed in the window: was that a re-staging of an unprompted event observed earlier or did the film makers inspire it? And what about the rude Billy Connolly tape with its gags about farting? Seeing the children doing the film makers' bidding in other respects are we supposed to believe this was entirely their own idea? If the *film makers do expect us to* believe that, why do they expect it?

Where the Wild Things Are/Lyttelton

Dominic Gill

Three years after its semi-premiere, only three-quarters finished, at the Brussels Opera, and 18 months after its debut on *the South Bank as a concert* suite, still unfinished. Sendak-Knussen's *Where the Wild Things Are* has arrived, finally *and magically complete, in a* Glyndebourne production at the National Theatre.

Almost any English-speaking parent with children between five and twenty will know the name of Maurice Sendak—the author and illustrator of such wryly fantastick, drily inventive, slyly disobedient stories as *Higglety, Pigglety, Pop!, Chicken Soup with Rice, The Night Kitchen* and *Where the Wild Things Are.* The books are themselves almost silent operas in their combination of visual extravagance and pithy contrapuntal argument; and Sendak's words, spoken aloud, have a special, recognisable, zany music of their own. It was only a matter of time before someone, somewhere put Sendak on the music-theatre stage.

Five years ago, Oliver Knussen turned first to *Higglety*, and in collaboration with Sendak *sketched a preliminary draft*; but in reponse to a direct commission from the Brussels Opera early in 1979, *the choice fell on Where The Wild Things Are*—the strange story of naughty Max and his voyage (and back again) from his bedroom at home to the land of the Wild Things, who crown him their King. The undertaking was concise but *ambitious: a short one-act opera* written for the resources of a major opera house, and intended for performance, by professionals, *to audience of* adults and children alike.

The ground-plan was from the start that of a real fantasy-opera, in the tradition of *Hänsel und Gretel* — a genre which both Knussen and Sendak felt to have been sadly neglected during the past 50 years in favour of works written for children to sing and play themselves: a laudable development, but hardly a replacement for the magic theatre of Humperdinck, or for that matter of Ravel's *L'Enfant et les Sortilèges* (whose final "Maman" was "the sound from which our ideas grew"). The score of the *Wild Things* is headed by quotations from Mussorgsky *(Boris Gudonov)* and Debussy *(Boîte à joujoux)*—which can both be heard at certain points in the music. Another Mussorgskian source, more purely musical, was *The Nursery*.

The score calls for a smallish band of 48 players (including a Mozartean string section, four basses, flutes and reeds, brass, harp and piano duet). The music is an insinuating hybrid of many colours: as well as the explicit echoes of Mussorgsky and Debussy, there are pages of exuberant magimix in which the shades of Chaikovsky and Strauss are summoned, and others in which the silhouettes bear closer resemblances to Stravinsky and Milhaud. There is never any sense, however, of direct pastiche. The marvellous, windy bedroom music of the first transformation scene, and of the journey by boat—and especially the new Wild Rumpus music, somewhat tamer and more luxuriant than I had expected—is more like Chaikovsky than Mussorgsky, more Ravel than Debussy, but essentially like neither.

Sendak's sets and costumes are a wonderful *cornucopia of* stage-magic and grotesquerie copied precisely, even sometimes amplified and embroidered, from the book — a *brilliant tour de force* in their own right. Two singers take the leading role and two conductors direct during the present run. Karen Beardsley's little-boy Max on Monday's first night was an impressively tenacious and lively assumption, bright and quick, and beautifully tuned. The composer conducted, and the London Sinfonietta played, with loving care.

★

In order to cope with a taxing schedule of multiple daily performances over the next week, *Glyndebourne* —has wisely organised an alternate *Wild Things* conductor, Jane Glover, and an alternate soprano, *Rosemary Hardy, in* the leading role. Miss Hardy has already engaged with Max, in the dazzling Sinfonietta concert *performance of the* opera 18 months ago. Here, she sings and plays him most sweetly, accurately, and truly, *without as yet giving the impression* of having fully found her way into the skin of a spunky, naughty boy on a wild and wonderful adventure. Miss Glover, likewise, conducts a firmly controlled account of the piece which lacks the brio and wit of the composer's own. But whichever team you catch, I doubt that there will be any *disappointment in store; indeed,* after two performances on two consecutive days of so enchanting a presentation, I feel surer *than ever that this is a work* bound for classic status.

MAX LOPPERT

PLG Young Artists/Purcell Room

Andrew Clements

The 1984 series of "Young *Artists and 20th-Century Music*" presented by the Park Lane Group preserves the format of the past two years—a short *recital followed by a full-length* programme on five consecutive evenings. It remains an invaluable platform, but the *emphasis has shifted* towards the performers recently; musical indigestion threatens on several evenings this week, *with too much* worthy British representation among the composers, and too few 20-century classics.

The *featured composer this* time is Justin Connolly. The first performance of his *Fourfold* for two pianos was the *centrepiece of the first recital* on Monday, given by Robert Bridge and Jonathan Higgins, a dour, effortful work never *generating any palpable tension* or impetus. Around it Bridge and Higgins placed Ligeti's Three Pieces, surely the most over-exposed of his recent *works, and Busoni's* two-piano version of the *Fantasia Contrapuntistica,* sounding rather gross in the Purcell Room. The pianists were most impressive here, even if they tended to pull their rhetorical punches. They were too steady to disguise *the tedium of more than* one passage, but conveyed well and cleanly the remorseless accretions of the final fugues and stretto.

Later the pianist William Howard was possibly not heard to best advantage in his choice of repertory—*Hugh Wood's* Three Pieces, Judith Weir's *The Art of Touching the Keyboard* and the "first perform*ance in the West*"*—curious* appelation—of Colin Matthews' Suite for piano. The Suite was compiled between 1976 and *1979, and suggests the atmo*sphere of a sequence of studies in texture and technique; there is little of the melodic and harmonic memorability characteristic of Matthews at his best.

Mr Howard's solid musicianly virtues were somewhat overwhelmed by sharing a programme with the soprano Sue Bickley, already a performer of huge confidence, with a voice of prodigious range of colour and *a sure control of presentation.* She chose an attractive group—Dallapiccola's setting of sections of the *Chanson de Roland, Rencesvals,* Dominic Muldowney's highly effective and fresh *Theatre Poems,* Cathy Berberian's *Stripsody,* win*ningly prepared, and three* songs by Kurt Weill. If Muldowney's Brecht settings seem to demand a *chanteuse* rather *than a concert singer.* Miss Bickley caught the mood of each of the three assorted Weill songs most effectively, especially the devastating "Und was bekam des Soldaten Weib?" from 1943, the last time he was to use a text by Brecht.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 6-12

Theatre

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company *look like the real thing.* At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8103).

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (rhyming with "fondle") in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (928 7616).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltal's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter *Wood's production* strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows *from cactus-like vulva to piscatorial,* blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding *only* blonde and way over the top (930 2578)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the intimate moments borrowed direct *from the film.* (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems *from the original film* like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430)

Agnes of God (Eisenhower): Hysterical pregnancy of a contemporary novitiate makes for emotional heat but little light in John Pielmeier's melodramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3670). Ends Jan 7

CHICAGO

E. R.(Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

FINANCIAL TIMES

Wednesday January 11 1984

High-yield fund aims at low-rated securities, Page 32

WALL STREET

Frustration as pension funds tinker

A SOMEWHAT frustrating session was endured on Wall Street yesterday when an initial upsurge in both bonds and stocks faded away at midday. The driving force came from the bond markets where the big pension funds came in to buy long-dated issues at the opening, only to back off later as prices moved higher, *writes Terry Byland in New York.*

The strong start in bonds had flowed through to the stock market where in the first half-hour the Dow Jones industrial average jumped more than five points, comfortably clearing the previous closing peak of 1287.20 in heavy turnover. But stock prices later turned down as bonds slipped back from their best.

By 2pm the Dow showed a net fall of 0.73 at 1,285.49. Turnover was still slightly higher than in the previous session, boosted by another heavy list of block trades. Wall Street finished the day down 7.74 at 1,278.48.

The verdict from the market professionals was that the hoped-for breakthrough in the bond market did not materialise yesterday. The pension funds traditionally put in an appearance in the bond markets at the beginning of January when the latest quarterly cash flow becomes available for investment.

Bond yields are clearly attractive to the funds at present but it was noted that they withdrew from the market when yields at the longer end dipped to around 11.76 per cent.

Nevertheless, stocks remained buoyant and interest widened to take in the broader range of the market. Airline and technology issues attracted buyers during the morning advance.

Among the market leaders, General Motors looked unsettled by reports of criticism from the dealer network of plans to reorganise the group into big and small car units, and eased $⅛ to $79¾.

National Semiconductor jumped $¾ to $18¼ in heavy trading after settling the suit brought by IBM, which traded unchanged at $123¼.

The effects of the Getty Oil takeover continued to reverberate through oil stocks. Texaco, the apparent winner, surged up $1 to $38 in busy turnover and investors began to look around for the next takeover targets.

Gulf Oil put on $2¼ to $46½, helped by a settlement with its union workforce.

However, Schlumberger, leader of the oil search data recording industry, made a delayed start in the face of selling orders, later falling $2¼ to $46½ after reports that a brokerage house had downgraded the stock.

The oil majors weakened on suggestions that they might have to pay premium prices for further oil and gas reserves in the wake of the $9.9bn paid for Getty by Texaco. Exxon at $37 was $⅛ off and Atlantic Richfield lost $⅞ to $40⅞.

The new stock in AT & T remained at the head of the market's active list, with the old stock not far behind – at $19½ the new was unchanged while the old eased $⅛ to $18⅛.

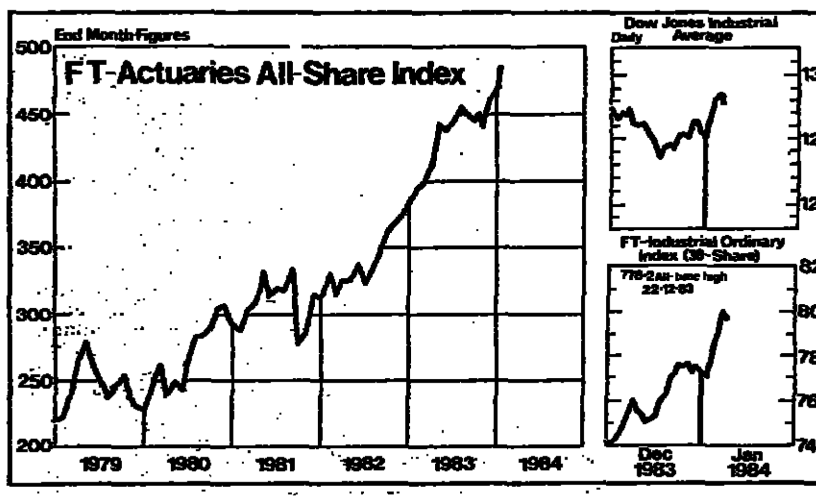
McDonnell Douglas edged forward by $⅝ to $60 despite the lack of progress at talks aimed at ending its drawn-out labour dispute.

In the credit markets, the initial advance in bond prices was accompanied by a fall in the federal funds rate to 9⅜ per cent from an opening level of 9 7/16 per cent. At 9⅜ the Federal Reserve announced 1bn in customer repurchases, a move regarded as still no more than a technical operation to ease pressures.

Treasury bill discounts slipped below the rates set at the auction of the previous evening, taking their lead from the money markets. The three-month discount stood one basis point down at 8.88 per cent and the six-month four basis points lower at 9.05 per cent.

The long end of the market opened with gains ranging to around ¾, with the key 2013 long bond at 102 at best. But this level proved unsustainable and the issue later slipped to 101 23/32, a net 5/32 up and yielding 11.80 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 10	Previous	Year ago
NEW YORK			
DJ Industrials	1278.48	1286.22	1092.35
DJ Transport	608.17	612.63	469.43
DJ Utilities	133.62	133.77	124.83
S&P Composite	168.73*	168.90	146.78
LONDON			
FT Ind Ord	796.80	800.00	604.30
FT-A All-share	486.30	487.78	387.37
FT-A 500	519.85	520.02	423.79
FT-A Ind	479.05	479.88	398.59
FT Gold mines	542.50	529.50	654.00
FT Govt secs	83.68	83.77	77.98
TOKYO			
Nikkei-Dow	10,016.21	9953.71	8172.66
Tokyo SE	748.02	750.31	599.65
AUSTRALIA			
All Ord.	776.20	787.90	526.20
Metals & Mins.	549.20	565.80	459.90
AUSTRIA			
Credit Aktien	55.28	55.49	50.70
BELGIUM			
Belgian SE	139.26	138.78	102.60
CANADA			
Toronto Composite	2589.1*	2580.90	2110.90
Montreal Industrials	452.30*	451.40	366.42
Combined	434.71*	433.61	348.75
DENMARK			
Copenhagen SE	223.54	221.97	103.74
FRANCE			
CAC Gen	165.90	165.50	101.90
Ind. Tendance	106.20	106.10	62.60
WEST GERMANY			
FAZ-Aktien	355.31	359.96	253.95
Commerzbank	1050.00	1065.40	766.10
HONG KONG			
Hang Seng	943.34	937.48	845.15
ITALY			
Banca Comm.	203.28	203.62	160.45
NETHERLANDS			
ANP-CBS Gen	164.30	165.10	107.20
ANP-CBS Ind	135.60	137.60	92.10
NORWAY			
Oslo SE	232.09	232.00	106.86
SINGAPORE			
Straits Times	1037.23	1037.23	732.74
SOUTH AFRICA			
Golds	817.4	810.20	1012.30
Industrials	988.0	1008.40	757.70
SPAIN			
Madrid SE	103.38	102.29	83.71
SWEDEN			
J & P	1512.16	1506.16	940.23
SWITZERLAND			
Swiss Bank Ind	381.60	384.50	299.70
WORLD	Jan 9	Prev	Yr ago
Capital Int'l	186.80	187.10	160.30

GOLD (per ounce)

	Jan 10	Prev
London	$370.875	$366.875
Frankfurt	$371.25	$364.51
Zürich	$371.75	$365.75
Paris (fixing)	$372.83	$365.33
Luxembourg (fixing)	$366.25	$364.50
New York (Jan)	$368.50	$365.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 10	U.S. DOLLAR Previous	STERLING Jan 10	STERLING Previous
$	–	–	1.4015	1.4005
DM	2.815	2.8295	3.9475	3.965
Yen	233.55	233.3	327.5	327.0
FFr	8.6	8.6375	12.05	12.09
SwFr	2.235	2.251	3.135	3.155
Guilder	3.1535	3.175	4.43	4.4475
Lira	1704.5	1714.0	2389.0	2400.0
BFr	57.43	57.68	80.5	80.75
C$	1.25175	1.25225	1.754	1.7535

INTEREST RATES

	Jan 10	Prev
Euro-currencies (offered rate)		
£	9 9/16	9½
SwFr	3 13/16	3⅞
DM	6 1/16	6 1/16
FFr	13¼	13 5/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	10
6-month U.S.$	10 5/16	10 5/16
U.S. Fed Funds	9 5/16*	9½
U.S. 3-month CDs	9.5*	9.5
U.S. 3-month T-bills	8.89*	8.875

U.S. BONDS

Treasury		Jan 10 Price	Jan 10 Yield	Prev Price	Prev Yield
10⅜	1985	100 11/32	10.68	100 5/32	10.72
11¼	1991	100 14/32	11.64	100 7/32	11.70
11.75	1993	100 5/32	11.72	99 28/32	11.76
12	2013	101 22/32	11.79	101 7/32	11.85

Corporate	Jan 10 Price	Jan 10 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	93½	11.80	93¼	11.90
3⅞ July 1990	68⅝	10.80	67.812	10.95
8⅜ May 2000	75½	12.25	75⅛	12.30
Xerox				
10¼ March 1993	92½	12.00	92¼	12.05
Diamond Shamrock				
10⅜ May 1993	91⅛	12.10	91⅞	12.20
Federated Dept Stores				
10⅜ May 2013	86	12.40	85⅝	12.45
Abbot Lab				
11.80 Feb 2013	95¼	12.40	94.90	12.45
Alcoa				
12¼ Dec 2012	96	12.80	95½	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	70-22	70-25	70-18	70-11
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.89	90.93	90.87	90.82
Certificates of Deposit (IMM) $1m points of 100%				
March	90.19	90.22	90.14	90.11
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.03	90.05	89.91	89.95
20-year Notional Gilt £50,000 32nds of 100%				
March	109-30	110-19	109-28	110-17

COMMODITIES

(London)	Jan. 10	Prev
Silver (spot fixing)	576.80	585.30p
Copper (cash)	£979.50	£997.00
Coffee (Jan)	£1999.00	£1999.00
Oil (spot Arabian light)	$28.62	$28.52

LONDON

Money data prompt tone of caution

CAUTION was the theme yesterday in the two main investment areas of London stock markets, both of which passed a quieter session awaiting December's money supply figures. Leading equities paused for breath, and the FT Industrial Ordinary index closed 3.2 down at 796.8.

The 1¼ per cent expansion in sterling M3 was in line with expectations, although an easier gilt tone left selected longer-dated stocks ½ down.

Numerous features were again found among secondary equities. Potential bid stocks and Irish oil exploration issues were particularly busy, the latter rebounding sharply.

MEPC's proposed £70m issue of first mortgage debenture stock 2024 raised the possibility that other leading property concerns could be contemplating similar moves. Nervous selling developed and MEPC lost 6p to 276p.

Details, Page 25; Share information service, Pages 26-27.

SINGAPORE

HEAVY TRADING in Singapore pushed the Straits Times Industrial index to another record, up 2.85 at 1037.23.

After a very bullish opening, there was some profit-taking in the afternoon. One dealer said the market was digesting the high volume of the past few days.

Malayan Banking added 5 cents to S$9.4 and Sime Darby rose 1 cent to S$2.77. Going against the trend were Cold Storage, down 5 cents to S$5.15.

HONG KONG

ACTIVE late buying in Hong Kong pushed most share prices higher and reversed some earlier losses brought about by a wave of profit-taking.

The Hang Seng index finished 5.88 points higher at 943.3 after suffering a 5.80 loss at the morning close.

Hang Seng Bank rose 75 cents HK$41.75, while Jardine Matheson and Hutchison Whampoa added 20 cents to HK$12.90 and HK$15.80 respectively. Swire Properties fell 10 cents to HK$5.20.

AUSTRALIA

A DROP in world metal prices ended Sydney's month-long, record-breaking rally and prices closed lower in moderate trading.

The All Ordinaries index ended at 776.2, down 11.7, and the All Industrials index finished at 1,017.0; down from 1,023.3 the previous day, in the largest one-day decline since last October.

Broken Hill Proprietary (BHP) was one of the major losers of the day, falling 25 cents to A$14.20.

SOUTH AFRICA

TRADING was quiet and nervous in Johannesburg, although gold shares closed firmer in a partial recovery from the previous day's sharp decline as the bullion price rallied above $370.

Among the heavyweights, President Brand was up R2.25 to R45.00. Mines in the Gold Fields group followed the trend after quarterly reports and Venters rose 50 cents to R16.00. However, De Beers diamond shares dropped 20 cents at R9.25 despite improved sales in 1983 reported by its Central Selling Organisation (CSO).

Industrials closed mixed.

CANADA

A RALLY in world bullion values gave a strong initial impetus to **Toronto** gold shares, but this soon began to slacken off. Strength among base metals and minerals and in the oil and gas sector allowed a firm overall tone to be maintained.

Many early **Montreal** gains were trimmed, with the papers group holding up the best for much of the session.

TOKYO

Pause as profits are taken

PROFIT-TAKING hit banks and non-life insurance companies in Tokyo yesterday, driving equity prices lower for the first time for 10 sessions amid a growing liquidation mood, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow barometer fell below the 10,000 level at one stage in the morning, but rebounded later to close at 10,016.21, off 37.60 from the previous day. Volume amounted to 425.46m shares, almost unchanged from Monday's 427.99m. Declines outnumbered advances 431 to 309, with 140 issues unchanged.

Leading securities houses generally reacted calmly to the market's decline, saying a pause in the hectic upsurge would lead to a firmer market in the months ahead.

In early trading, investors continued to select banks and non-life insurances, which had greatly helped the Nikkei-Dow index to surge above the 10,000 level for the first time on Monday.

However, those issues fell back on late profit-taking. Mitsubishi Bank dropped Y41 to Y573 and Fuji Bank Y35 to Y580, while Sumitomo Bank closed unchanged at Y630. The three banks scored maximum allowable gains the previous day.

Transactions in Mitsubishi Bank totalled 258,000 shares (compared with the previous day's 184,000 shares). Fuji Bank 696,000 shares (674,000) and Sumitomo Bank 1.72m shares (655,000).

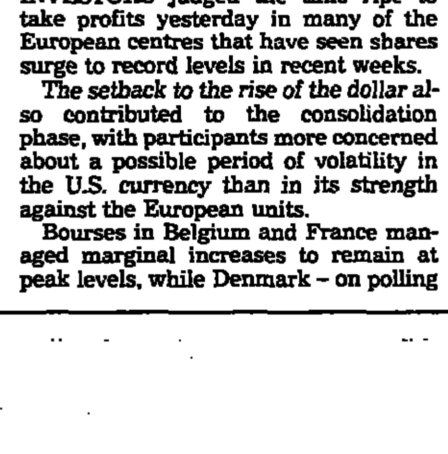
In the non-life insurance sector, Tokio Marine and Fire Insurance shed Y12 to Y571, Sumitomo Marine and Fire Insurance Y10 to Y283 and Taisho Marine and Fire Insurance Y11 to Y251.

Blue-chip stocks remained out of favour. Matsushita Electric Industrial gained Y30 to Y1,940 and NEC Y10 to Y1,490, but TDK lost Y20 to Y5,480, Pioneer Electronic Y30 to Y3,620 and Honda Motor Y20 to Y1,090.

Among populars were manufacturers of electric wires for the planned Information Network System (INS), a nation-wide telecommunications grid using optical fibre cables. Sumitomo Electric rose Y28 to Y894. Textile, oil and other issues sensitive to commodity market fluctuations were also firm.

Bond prices fell sharply on selling by some smaller brokerage houses out of fears of a reactionary decline. The yield on the benchmark 7.5 per cent government bonds, maturing in January 1993, advanced to 7.545 per cent from the previous day's 7.485 per cent and closed below par at 7.52 per cent.

Since mid-December, the bonds had been bought on an improved supply-demand position and a new year drop interest rates, with the yield standing above par.



EUROPE

Time judged ripe to consolidate

INVESTORS judged the time ripe to take profits yesterday in many of the European centres that have seen shares surge to record levels in recent weeks.

The setback to the rise of the dollar also contributed to the consolidation phase, with participants more concerned about a possible period of volatility in the U.S. currency than in its strength against the European units.

Bourses in Belgium and France managed marginal increases to remain at peak levels, while Denmark – on polling day – and Norway also built on Monday's records.

In **Brussels**, a 0.48 rise in the Belgian Stock Exchange index from the 10-year high established on Monday, to 139.26, was attributed largely to a rise by the market leader, Petrofina.

Speculation within the market about dividend levels and a possible stock split took the issue up BFr 80 to BFr 6,270 in heavy volume.

Trading remained active in **Frankfurt** but profit-taking left the Commerzbank index down 15.4 from the Monday's peak to 1,050.

Concern was again felt that the dollar's strength could force the Bundesbank to raise official interest rates.

In stores Kaufhof, which announced improved 1983 earnings, was also unchanged, while Horten firmed DM 1.50 against the trend to DM 187.50.

Bond staged a modest recovery and, reflecting the low turnover, the Bundesbank sold a small DM 2.8m of domestic paper after its large DM 54.1m purchases on Monday.

Recently-favoured banks and financials lost ground in a broadly lower **Zurich**. Union Bank dipped SwFr 30 to SwFr 3,600, while Landis & Gyr shed SwFr 10 to SwFr 1,590. Insurances turned mixed.

The bond market was also depressed with prices ending mixed in moderate trading.

Amsterdam saw some quite lively trading as price declines spurred renewed buying interest, particularly from abroad. Domestic investors who were in at the start of the latest rally were also seen to be taking profits in recently successful issues and reinvesting in shares that have not moved up so fast.

Bonds were steady to slightly lower as the market awaited the outcome of a government issue of 10-year, 8½ per cent bonds, which brought in Fl 1.75bn.

Profit-taking was evident among chemicals, electricals and publishing issues in **Paris**, while other sectors were steady to higher.

The CAC Générale index added 0.4 to another one-year high of 165.90.

In Italy, where banks reduced prime rate by a quarter point to 18½ per cent, selective **Milan** purchases by institutional buyers contrasted with profit-taking ahead of the bourse month end.

Stockholm ended mainly higher in fairly active trading as the Swedish budget was announced, while the same firmer trend was seen in **Madrid**, though in quiet conditions.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18	8⅝	AAR	.44	2.4	22	354	u18⅝	17¼	18¼	+½
52⅞	30½	ACF	1.40	3.0	224	177	47	46¾	47	+¼
22	18¾	AMCA	n			17	21⅛	21	21⅛	−⅛
18⅝	14⅛	AMF	.50	3.2		338	15¾	15½	15⅝	−⅛
39¾	18½	AMR Cp			17	2879	39	38	38	−½
19¾	16⅝	AMR	pf2.18	11		24	19⅝	19⅝	19⅝	
40½	24⅞	AMR	pf2.13	5.5		44	39½	38¾	38¾	−½
26¾	23⅞	ANR	pf2.67	11.		3	24½	24½	24½	+⅛
23⅝	20	ANR	pf2.12	10.		9	20½	20½	20½	
16¾	3⅞	APL			20	70	14	13½	13½	−⅜
55¾	33¾	ARA	2.05	3.9	12	139	53¾	52	52¾	+½
78¾	50¾	ASA	3a	5.7		434	53⅛	52⅝	52⅝	+⅝
33¾	14⅛	AVX	s .32	1.1	45	906	30	28¾	30	+1½
53⅞	38⅞	AbtLab	1	2.1	17	2392	47½	46¼	46⅞	−½
30⅝	23¾	AccoW	n.60	2.0	22	191	u30¾	29⅝	29⅞	+⅛
27½	17⅞	AcmeC	.40	1.6		152	25¾	25	25⅛	−⅛
14⅛	7⅛	AcmeE	.32b	2.9	550	16	11	10⅝	11	+⅛
24⅞	8⅞	AdmDg	.04	.2	14	59	19¾	18⅞	18⅞	−⅜
18⅝	15	AdsEx	1.73e	9.6		107	18	17⅞	18	
18¾	7⅞	AdmMl	.24	1.4	9	36	17⅞	17½	17¾	+⅛
18⅝	9¾	Advest	.12	.9	8	101	13¾	12¾	12¾	−⅝
37½	13⅞	AMD	s		61	3527	37	35⅝	35⅞	−⅞
24⅝	13⅞	Aerflx	s		16	103	16⅝	16	16	−⅜
43½	32⅞	AetnLf	2.64	7.2	9	787	37	36⅝	36⅞	+⅛

Continued on Page 23

هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
7⅞	4¼	Valeyln				56	5⅛	5⅛	5⅛	
28⅞	16	VarOm	1.20	4.2	16	25	28⅞	28¾	28⅞	
9⅞	5	Varco				13	6⅞	6¾	6⅞	
21	18⅞	Varco	pf 2	10		5	19½	19½	19½	+ ½
63⅞	31¼	Verian	s.28	.5	27	347	57½	57	57⅞	− ⅛
21¼	9⅞	Varo	.40	2.6	14	137	15¼	14⅞	15⅛	
31⅞	18⅞	Veeco	.32	1.3	24	176	25¾	25	25	+ ¼
16¾	4⅞	Vendo				28	6¼	6⅛	6¼	
11	9¾	VestSe	1.20e	12		38	10	9⅞	9⅞	− ⅛
40⅞	26¾	Viacom	.35	1.1	20	60	34	33¾	33¾	− ⅛
51½	34¾	Vlcm	pf2.10	5.1		5	41	41	41	− ½

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 23

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

[illegible]

**Saturday January 7. Japan Nikkei-Dow 9,962.4. TSE 743.17.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

More cautious mood sees Equity index slip below 800

Sterling worries beset Gilt-edged

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Caution was the theme in the two main investment areas of London stock markets, both of which passed a quieter session awaiting December's money supply figures. Leading equities paused for breath after their record-breaking performances of late which have taken the Financial Times Industrial Ordinary Share Index beyond 800 for the first time.

Sterling worries and uncertainty about the course of short-term U.S. interest rates continued to beset Government Securities. The exchange rate's early slide to a new all-time low against the dollar put dealers on their guard, but initial small losses in Gilt-edged quotations were regained ahead of yesterday's 2.30 pm announcement of banking December's money statistics.

The 1½ per cent expansion in sterling M3 was in line with expectations and prices hardened before easing finally on consideration of last month's increased bank lending. After the official close, the easier Gilt tone continued and selected longer-dated stocks finished ½ down on the session.

Wall Street's overnight indecision influenced leading shares, which opened easier. Institutional investors, content with their recent purchases and conserving funds for today's £305.6m call of 235p per share call on BP, remained on the sidelines.

Light profit-taking caused blue chip industrials to drift further away from Monday's peak levels, but a modest late afternoon rally followed in anticipation of Wall Street resuming its recent strong advance. This it did initially and the FT 30-Share Index, 5 points easier at 2 pm, ended the day a net 3.2 down at 796.8.

Numerous features were again found among secondary equities. Potential bid stocks and Irish oil exploration issues were particularly busy, the latter rebounding sharply after the previous day's slump on adverse comment in the Irish Press and unfounded fears of settlement delays connected with the previous Account's debts.

MEPC's proposed £70m issue of First Mortgage Debenture stock 2024 raised the possibility that other leading Property concerns could be contemplating similar fund-raising moves. Nervous selling developed and, although the pressure later lifted, no recovery materialised. Values closed showing falls extending to 7 at the day's lowest; MEPC lost 6 to 276p.

Midland up again

Still relieved by the denial that it was considering an offer to acquire the outstanding 43 per cent of Crocker National Bank not already owned, Midland rallied 5 more for a two-day recovery of 20 to 400p. Other clearers, however, drifted lower with Barclays closing 8 down at 500p. Merchant banks were featured by a speculative rise of 6 to 41p in Manson Finance. Schroders moved up 10 in a thin market to 870p, while Kleinwort Benson, in which a Middle East consortium recently unsuccessfully tried to acquire a 10 per cent stake, gained 5 to 530p. Henry Ansbacher, on the other hand, gave up 5 at 80p.

Hogg Robinson's interim profits were deemed satisfactory but uninspiring and the shares subsequently slipped 4 to 137p. Elsewhere in Lloyd's Brokers, Willis Faber cheapened 9 to 725p.

Interest in the Brewery leaders subsided, although most still managed small gains. Arthur Guinness remained firm ahead of next Tuesday's preliminary figures and hardened a couple of pence to a 1983-84 high of 126p. Regionals again featured Greenall Whitley which, with the aid of a favourable mention, improved 6 more to 133p. Greene King attracted late support and closed 4 better at 174p, while Vaux advanced 3 to 231p.

Leading Buildings traded irregularly. London Brick drifted off 2 to 130p pending the outcome of Hanson Trust's 120p per share bid for the company, while Blue Circle encountered scrappy selling and shed 5 to 420p. On the other hand, Rugby Portland Cement attracted fresh support following a broker's lunch with company directors and firmed 5 to 102p. RMC hardened 4 to 396p in a narrow market. Costain rose 4 to 250p in response to the £52m Australian contract and Barratt Developments improved a couple of pence to 186p. Elsewhere, Leyland Paint put on 5½ to 21p largely reflecting the efforts of a single sizeable buyer, while Watts Blake Bearne, still reflecting Ceramic Holdings' increased stake, advanced 6 for a two-day gain of 12 to 174p. Buying ahead of today's interim results lifted Magnet and Southerns 8 to 170p. Fresh support left Henderson Group 4 dearer at 201p and other good spots included Erith, 3 better at 66p, and Vectis Stone, 2 dearer at 29p.

Sumrie wanted

ICI fluctuated narrowly as dealers kept close watch on the sterling dollar exchange rate and at the close was a couple of pence cheaper on balance at 648p, after 646p. Elsewhere, Amersham International hardened 3 to 219p, but Laporte eased that much to 360p. Delmar, dealt in the Unlisted Securities Market, attracted buyers and rose 3 to 25p.

Institutional operators were again reluctant to commit funds to major Retailers and it was left to secondary counters to provide the excitement. Vague takeover rumours sparked increased speculative support of Sumrie Clothes, which rose to 93p before settling a net 8 dearer at 90p. Raybeck, due to reveal first-half results shortly, gained 3 more to a 1983-84 peak of 40p, while Henry Wigfall, interim figures scheduled for this Friday, hardened a like amount to 150p. In contrast, discount retailers encountered sporadic selling; Currys, 326p, and Comet, 310p, were both around 9 cheaper and A. G. Stanley 3 off at 39p.

Mail order house Empire, up 16 on Monday after the disclosure of the £3.7m share placing with two Italian retail groups, shed 8 to 80p on profit-taking spurred by a cautious view of the company's prospects from brokers Phillips and Drew. Grattan gave up 4 to 70p and Freemans a couple of pence to 94p. Rayford Supreme, dealt in the Unlisted Securities Market, put on 2 at 24½p following sharply increased preliminary profits.

Profit-taking in the wake of Harris Queensway acquiring a 5.1 per cent stake left Stylo 10 cheaper at 265p; HQ closed 2 off at 320p, after 318p.

The Electrical leaders were inclined easier after a much quieter trading session. Secondary issues, however, again recorded a number of good features. A flurry of speculative activity left Whitworth Electric 15 to the good at 75p. Lec Refrigeration moved up a similar amount to 315p in a limited market, while the revival in Electronic Machine, up 10 further at 56p, continued; the latter's interim results are due next Tuesday. Revived demand lifted Oxford Instruments 10 to 318p. USM stocks to make progress included Micro Business Systems, 15 to the good at 275p, Webber Electric, up 7 more at 265p, and CPU Computers, 5 dearer at 125p.

With the exception of Hawker, down 6 at 376p, on occasional profit-taking, leading Engineers held up well. Secondary issues continued to attract a fair amount of buying interest. Gains of 5 were recorded in H. C. Slingsby, 86p, and Saville Gordon, 69p, while F. Pratt were noteworthy for a similar rise to 34p. Spencer Clark, still reflecting the recent investment, improved 2 further to 41p. Provincial buying left Metalrax 3 higher at 49p and Bromsgrove Castings a couple of pence dearer at 56p. MS International, formerly Mining Supplies, improved 4 to 42p on recovery hopes and further support on yield considerations lifted GEI 2 more to 72p.

Associated British Foods, left behind in the sector's recent advance, continued their catching-up process and rose 8 for a two-day gain of 14 to 164p. Other leading issues encountered scattered selling with Associated Dairies, 4 cheaper at 156p, looking a little nervous awaiting today's half-timer. Northern Foods also shed 4 to 190p, while Rowntree Mackintosh softened a couple of pence to 220p. Elsewhere, recently-firm Pyke Holdings came back 12 to 163p in front of today's preliminary statement, but Barrow Milling continued to attract buyers and improved 2 for a two-day gain of 7 to 34p.

Cookson react

Cookson, a particularly strong market of late, reacted to 258p before closing 10 down on balance at 261p following the proposed acquisition of the business and assets of Alpha Metals in the U.S. Alpha Metals is a subsidiary of BTR. Cookson has also agreed to acquire Alpha's 50 per cent share in Alpha Metal Hong Kong and the shares of the 50 per cent associate company in West Germany. BTR, in contrast, edged up 6 to 432p. Elsewhere in the Miscellaneous Industrial sector, Radiant Metal raced ahead to close at 88p, up 25p, on speculative buying accompanied by vague bid talk. Initial, still reflecting the £1.3m Dutch laundry acquisition, improved 7 further to 424p, while Rank Organisation rose 5 to 200p following newspaper comment highlighting a broker's recommendation for the company. The sharp recovery in the Irish oil explorer, Atlantic Resources, encouraged a sympathetic improvement in Fitzwilton, up 4 at 67p. Occasional support lifted Booker McConnell 5 to 90p, while GR Holdings improved 10 more to 250p in a restricted market. Profit-taking clipped 8 from Avon Rubber at 140p and left Stocklake 5 cheaper at 183p. Trafalgar House eased 2 to 223p; 7,507,730 TH shares were placed at 204p yesterday with institutional and other investors pursuant to TH's acquisition of Candecca Resources ordinary shares from Bristol Oil and Minerals.

Trident TV "A," a rising market recently on takeover hopes, reacted to 137p on suggestions that any bid for the company would be below the current market price, before a fresh wave of speculative buying left the close only 2 cheaper on balance at 140p. Aspinall Holdings, mentioned as a possible suitor, eased a couple of pence to 138p. Elsewhere in the Leisure sector, Medminster, which jumped 32 last week in the wake of a sudden burst of speculative demand, came back 5 to 110p. Tottenham Hotspur again lacked support and shed 3 more to a low of 78p; the shares were offered for sale last October at 100p.

Fears that MEPC's latest fund raising proposal might signal similar moves by other Property concerns induced selling of other leading Property issues. Land Securities shed 7 to 276p, while British Land, 108p, and Slough Estates, 124p, lost 3 apiece. Hammerson A gave up 10 at 500p, Peachey 3 at 191p and Brixton Estate 4 at 120p. Some secondary issues still managed to buck the trend, Daejan rising 5 to a 1983-84 peak of 195p and Regalian adding 4 at 88p. A. & J. Mucklow also continued to attract support and gained 3 more to 82p.

A recent investment recommendation stimulated further support of Courtaulds which hardened 2 for a two-day gain of 7 to 132p; International Paint, already owned as to 57.8 per cent by Courtaulds and currently in receipt of a share-exchange offer, advanced 12 to 310p. Fresh profit-taking clipped 10 from Harold Ingram, 303p, but Munton Bros improved a couple of pence to 47½p following increased first-half profits.

BP dip and rally

An initial flurry of selling lowered BP to 395p following the abandonment of the company's first exploration well in the South China Sea drilling programme; however, good support became apparent at this level and the shares rallied to close unaltered on balance at 403p. The "new" partly-paid shares were unchanged at 170p ahead of today's 235p per share final call. Britoil responded to persistent buying interest and rose 10 to 205p, while Charterhouse Petroleum jumped 13 to 134p on reports of a substantial put-through on Monday. Speculative interest boosted Anvil Petroleum 13 to 65p. Irish exploration stocks surged ahead after the previous day's relapse. Renewed speculative buying lifted Atlantic Resources 110 to 630p, Bryson Oil and Gas 20 to 255p and Aran Energy 4 to 70p.

The continuing buoyancy of the commodity price induced further gains among Teas. Camellia Investments rose 25 to record a two-day gain of 55 to 795p. McLeod Russel added 4 more at 234p and Williamson advanced 5 to 335p. Press comment highlighting the profits potential of the Malawi estates lifted Singlo a penny to 54½p. Rubbers also made progress, albeit in restricted markets. Bertam featured with a gain of 9 to 142p and Castlefield were marked 42 higher at 680p.

The recent downtrend in mining markets was arrested by a sudden change in currency markets around midday.

Up until then South African Golds were showing further losses, albeit of a minor nature. However, the weakening in the dollar quickly brought out substantial buying of bullion and this encouraged technical bear-covering and institutional demand for Golds. Share prices responded with substantial gains across the board but these were not always held in late trading and many issues closed below the day's best levels.

The Gold Mines index rallied 13.0 to 542.5, while Bullion touched around $373.50 an ounce prior to closing a net $4 firmer on balance at $370.875.

Leading issues were again highlighted by Randfontein which improved strongly to close almost £3 firmer at £94¼ while President Brand improved £2 to £26 and President Steyn £2½ to £30½.

Gains in the medium and lower priced stocks ranged to around 30, West Rand Consolidated moving up that amount to 465p.

Financials were highlighted by persistent and heavy speculative demand for Charter Consolidated which touched 255p prior to closing a net 20 higher at 252p in the wake of rumours of a dawn raid following the company's preliminary figures—up 29.5 per cent interest in brokers Rowe and Pitman. Gold Fields rallied after Monday's shakeout and recovered 12 at 505p while Rio Tinto-Zinc edged up 2 to 634p, after 637p.

In South Africans De Beers attracted good support from Johannesburg and London and regained 6 at 528p despite the disappointing 1983 diamond sales figure.

The worst performance by overnight Sydney and Melbourne markets for around three months coupled with another downturn in copper prices left leading Australians with heavy losses. CRA and MIM fell around 11 apiece at 385p and 240p respectively while Western Mining retreated 9 to 276p.

A number of gold issues moved against the overall trend, especially Gold Mines of Kalgoorlie which rallied from an initial 62p to close a net 8 higher at 648p.

Demand for Traded Options contracted from recent levels and 2,174 trades were struck comprising 1,686 calls and 488 puts. Operators again displayed enthusiasm for Courtaulds positions in the wake of a New Year recommendation for the underlying security and recorded 499 calls with 107 transacted in the January 120's, 3½ dearer at 14p.

FINANCIAL TIMES STOCK INDICES

	Jan. 10	Jan. 9	Jan. 6	Jan. 5	Jan. 4	Jan. 3	year ago
Government Secs	83.68	83.77	83.54	83.48	83.18	83.10	77.98
Fixed Interest	87.22	87.23	87.14	86.71	86.46	86.35	80.83
Industrial Ord.	796.8	800.0	794.5	783.6	770.3	771.8	604.3
Gold Mines	542.5	529.5	557.1	562.4	553.9	578.6	654.0
Ord. Div. Yield	4.46	4.45	4.48	4.53	4.61	4.61	4.96
Earnings, Yld.% (full)	9.12	9.09	9.15	9.27	9.45	9.42	10.68
P/E Ratio (net) (*)	13.36	13.41	13.32	13.15	12.92	12.95	11.24
Total bargains	28,591	28,034	20,854	20,237	17,725	15,769	25,217
Equity turnover £m.	—	312.60	373.54	326.71	205.63	130.83	234.54
Equity bargains	—	31,266	23,728	20,693	17,863	15,140	23,176
Shares traded (ml)	—	196.2	225.8	193.9	135.3	83.9	144.8

10 am 798.4. 11 am 797.1. Noon 796.6. 1 pm 796.0. 2 pm 795.0. 3 pm 795.8.

Basis 100 Govt. Secs. 8/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 12.56.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.23 (9/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	800.0 (9/1/84)	598.4 (12/1/83)	800.0 (9/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 9	Jan. 6
—Daily Gilt Edged Bargains	176.7	175.8
Equities Bargains	202.6	163.7
Equities Value	631.8	765.0
5-day Avrge. Gilt-Edged Bargains	156.8	143.1
Equities Bargains	140.8	121.6
Equities Value	545.5	482.3

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

... capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ● Provisional or partly-paid allotment letters. ■ Allotment letters (or fully-paid). ★ With warrants. ‖‖ Introduction. □ Issued to former preference holders. ‡ Effective issued price after scrip. † Formerly dealt in under special rule. ✻ Unlisted Securities Market. C Canadian.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	58	36
Corpns. Dom. and Foreign Bonds	21	1	56
Industrials	274	323	804
Fin. and Props.	113	134	273
Oils	33	27	58
Plantations	10	2	8
Mines	64	51	54
Others	39	72	74
Totals	562	668	1,363

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 19	Jan 6	Mar 22	April 2
Jan 9	Jan 20	April 2	April 16
Jan 23	Feb 3	April 26	May 8
Feb 6	Feb 17	May 10	May 21

For rate indications see end of Share Information Service

Active conditions returned to Options with calls transacted in Booker McConnell, Inter-City, Atlantic Resources, Delta, Widney, Eglinton, W. E. Norton, Bowater, First National Finance, Bridon, RHP, Harold Ingram, Distillers, Youghal Carpets, Wade Potteries, Petrocon, Churchill, Glynwed, Tricentrol, Amco Industrial, ICI, Poly Peck, GEC, James Finlay, TI, Strong and Fisher, Aran Energy, Bardsey, Oceonics, Pennine Resources and Flair Resources. Puts were completed in Tozer Kemsley and Millbourn and Bellair, while doubles were taken out in London and Liverpool, TI and Harold Ingram.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	630	+110
Britoil	205	+10
Charter Cons	252	+20
Cookson	261	−10
Empire Stores	80	−8
Land Securities	276	−7
Leyland Paint	21	+5½
MEPC	276	−6
Radiant Metal	88	+25
Rugby Prtlnd Cement	102	+5
Stylo	265	−10
Trident TV A	140	−2

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Stylo	25	275	+27
Invent Energy	23	332	+29
Strong & Fisher	17	139	−5
Welpac New	16	16½	—
Burndene Invs	15	16½	+7
Glaxo	14	748	+8
Bailey (C. H.)	13	13½	+2½
Pilkington Bros	13	243	−5
Acorn Cmptr	12	137	−9
Bristol Oil Mns	12	52	−2½
Crescent Japan	12	738	+16
Pict Petroleum	12	142	+5
Resource Tech	12	173	+5
Bowater	11	265	−5

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (180)

BRITISH FUNDS (5)
INT. BK. & O'SEAS GOVT. STLG. ISS. (3)
LOANS (3)
FOREIGN BONDS (1)
AMERICANS (10)
CANADIANS (3)
BANKS (4)
BREWERS (1)
BUILDINGS (3)
CHEMICALS (2)
STORES (5)
ELECTRICALS (10)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (16)
INSURANCE (1)
LEISURE (3)
MOTORS (5)
NEWSPAPERS (5)
PAPER (3)
PROPERTY (5)
SHIPPING (1)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (59)
OILS (4)
OVERSEAS TRADERS (2)
PLANTATIONS (6)
MINES (2)

NEW LOWS (7)

BREWERS (1)
Forshaws Burtonwood
ELECTRICALS (1)
Arcoelectric A N-V
LEISURE (2)
Samuelson Group; Tottenham Hotspur
SHIPPING (1)
Lyle Shipping
MINES (2)
Black Hill Minerals; Western Continental

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tues Jan 10 1984

[illegible]

FIXED INTEREST — AVERAGE GROSS REDEMPTION YIELDS

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$350	1	25 B	15	38	—	—	$372.25
GOLD C	$375	190	10	81	22 B	—	—	"
GOLD C	$400	32	3.50	74	12	—	—	"
GOLD C	$425	24	1.10	25	7	9	12	"
GOLD C	$450	32	0.10	23	3.50	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 24,213

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*400)	360	45	—	—	1	—	—
	390	17	26	36	4	16	22
	420	3	16	26	25	36	40
	460	1	8	12	60	70	75
Cons. Gold (*502)	460	50	67	80	2	17	20
	500	18	43	55	18	37	40
	550	3	25	35	55	65	70
	600	1	12	—	102	104	—
	650	1	3	—	152	152	—

[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*263)	240	55	65	73	4	7	14
	260	38	47	57	8	15	26
	280	22	35	42	16	25	36
	300	7	20	32	32	38	45
	330	3	8	—	55	65	—
	360	2	5	—	—	—	—
	390	0½	1½	—	—	—	—

[illegible]

Jan. 10. Total Contracts 2,174. Calls 1,686. Puts 488.

* Underlying security price

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
[illegible]						
47¼	37½	Conv. 3½pc '61 Aft	44		8.13	—
32	28¼	Treasury 3pc 66 Aft	31⅛		9.81	—
25⅞	22¼	Consols 2½pc ...	25⅝xd		9.77	—
25⅞	22⅛	Treasury 2½pc	25⅞		9.93	—

Index-Linked

1983-84 High	Low	Stock	Price £	+ or –	(1)	(2)
106	98⅞	Treas 2pc I.L. '88	104½		2.94	3.40
91⅛		Do 2pc I.L. '90	91⅛		3.08	3.41
111¼	99⅞	Do 2pc I.L. '96 ..	106⅛		3.23	3.40
103⅞	93¼	Do. 2½pc I.L. 2001	97⅛		3.07	3.20
104	91¼	Do 2½pc I.L. 2003.	96⅜		3.03	3.15
107½	94¼	Do 2pc I.L. 2006	99½xd		2.95	3.06
104½	91¼	Do. 2½pc I.L. 2009	95⅞		2.96	3.06
109½	101⅞	Do. 2½pc I.L. 2011	102⅛		2.92	3.01
100¼	88¼	Do 2½pc I.L. 2016.	92⅛xd		2.87	2.96
92⅛	91⅛	Do 2½pc I.L. 2020	92		2.82	2.90

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
121½	102½	Australia 13½pc 2010	116⅞xd		11.48	11.37
30½	25¾	Do 11¾pc Ln 2015	30⅞	–1/16	11.26	11.21
101½	85	Euro Inv Bk 11pc Ln 2002	101½	+⅛	11.20	11.23
107¼	103½	Finland 14½pc Ln 1986	107½	+⅛	13.49	10.66
108⅞	90⅞	Int-Am Dev Bk 12⅞pc 2003	105½xd	+1/16	11.86	11.78
106¼	102½	Int. Bank 13½pc 1986 .	105⅝xd	+1/16	12.77	10.56
108¼	104¼	Do 14pcLn 1987	108 5/16	+⅛	12.94	10.87
102¼	96 9/16	M'lysia 12¼pc Ln '88	101⅝xd		12.05	11.73
97¼	77¼	Mex 16½pc 2008.	97¼	+¼	17.98	17.97
109¼	104¼	N.Z. 14¼pc 1987..	109xd	+1/16	13.07	11.04
100¼	91⅛	Do 11¼pc 2008 .	100¼	+⅛	11.46	11.47
105⅞	101½	Sweden 13½pc 1986	105½	+¼	12.80	10.50
116⅝	95	Do 13½pc Ln 2010	112	+¼	12.01	11.94

CORPORATION LOANS

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
101¼	97	Bath 11¼pc 1985	101		11.14	10.60
103½	99⅛	B'm'ham 12½pc 1985	102½		12.19	10.47
105⅞	101½	Burnley 13pc 1987 ...	105		12.38	11.18
100½	95½	Cardiff 11pc 1986	100¼		10.97	10.86
102½	100 1/32	G.L.C 13¼pc 1984	100 1/32		13.22	10.32
82	70½	Do. 6¾pc 90-92	82		8.50	10.59
89	82¼	Herts 6¾pc 1985-87	88⅞		7.57	10.49
121¼	107½	Leeds 13½pc 2006	121¼		11.49	11.31
100¼	97	Liverpool 9¾pc '80-84	100		9.75	9.66
30¼	27½	Do 3½pc Irred	30¼		11.55	—
98¼	93⅝	Lon Corp 9¼pc '84-'85	98¼		9.42	10.34
98¼	81¼	LCC 5½pc '82-84 ...	98¼xd		5.60	8.95
86¼	78¼	Do.5½pc '85-87	86¼		6.37	10.34
83	75	Do 6¾pc '88-90	82xd		8.22	10.62
26¼	23¼	Do 3pc '20 Aft ..	26¼		11.49	—
103	100	Sunderland 12¼pc 1984	102		12.00	9.74

COMMONWEALTH AND AFRICAN LOANS

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
84¼	74¼	N Z 7¼pc 1988-92	81¼		8.88	10.56
94¼	88¼	Do 7½pc '83-86	93¼	+¼	8.05	10.72
181	158	S Rhod 2½pc Non-Ass	180		—	—
86	74	Do 3½pc 80-85 Assd	83		4.28	15.80
57	44	Do 4½pc 87-92 Assd	52½xd		8.89	15.40
395	321	Zimbabwe Ann (£100pa)	347		—	16.00

LOANS

Building Societies

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
100⅞	99	N'wide 11⅞pc 23.1.84	100 1/16xd		—	—
100⅞	100	Do 11⅞pc 13.2.84	100 1/16		11.86	9.89
100 1/16	99	Do. 11¼pc 19.3.84 .	100¼		11.24	9.65
100⅞	99⅞	Do. 11¼pc 9.4.84	100 1/16		11.21	9.62
100⅞	99½	Do 10¾pc 30.4.84	100¼		10.66	9.58
100⅞	99⅝	Do 10⅞pc 29.5.84	100 1/16xd		10.82	9.60
100⅞	99½	Do. 10⅞pc 18.6.84	100 1/16		10.82	9.69
100 1/16	99½	Do 10 9/16pc 9.7.84 .	100½xd		10.50	9.53
100 1/16	99¼	Do 10⅞pc 30.7.84 .	100 1/16xd		10.78	9.41
100 1/16	100¼	Do 11¼pc 20.8.84	100 1/16		10.18	9.97
100¼	99⅞	Do. 11pc 3.9.84 ...	100½		10.95	9.89
100¼	99⅞	Do 10 5/16pc 8.10.84	100 1/16		10.31	10.13
100 1/16	99⅞	Do. 10¼pc 5.11.84	100 1/16		10.24	10.09

Public Board and Ind.

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
77½	71¼	Agric. Mt. 5pc '59-89	75¼xd		6.65	11.14
37¼	31¼	Met. Wtr 3pc 'B'	37¼		8.17	10.95

Financial

1983-84 High	Low	Stock	Price £	+ or –	Int. Yield	Red. Yield
97½	92	Inv in Ind 6¼pcDb'81-'84	97½	+½	6.49	11.00
106½	96¼	Do. 10½pcUnLn '86	100		11.08	13.50
104	96½	Do. 11pc Uns.Ln. '88	103	+1	10.72	10.20
104½	97½	Do 11¼pc Uns Ln '90	104xd	–½	11.35	10.90
109	91½	Do 12½pc Un Ln 1992	109	+1½	11.91	11.60
81½	74½	Do 7¼pc A Deb '89-92	81	+¼	9.08	10.80
81	70½	Do 7½pcADeb '91-94	81	+¼	9.30	10.80
91½	80½	Do 9% A '91-'94 .	91½		10.18	10.85
90	72 1/16	Do 8⅞pcLn. '92-97	90	+¼	10.33	10.75

FOREIGN BONDS & RAILS

1983-84 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	13		—	—
11	10	Do 5pc 1912 ...	11		—	—
11	8	Do 5pc 1913	9		—	—
9½	5½	Do 5pc '25 Boxer	9		—	—
52	40	Greek 7pc Ass .	52		3.50	16.82
50	41	Do 6pc 28 Stb Ass	50		3	16.2
46	38	Do 4pc Mixed Ass	46		2	14.36
48½	27	Hung '24 Ass ..	48½	+1½	2.75	F5.91
122½	102½	Ice Gvt 13⅞pc Ln 2011	122	+½	15	12.37
82	75	Iceland 6½pc '83-88	89		6.5	12.20
111½	94½	Do 14½pc Ln 2016	108xd	–½	14.5	13.32
89½	78⅛	Ireland 9¾% '91-96..	89½		9.75	11.88
303	275	Japan 4pc '10 Ass	301		—	—
93	81½	Do 6pc '83-88	90xd		6	8.50
161	161	Peru Ass. 2007	161		5.22	13.29
592	575	Turin 9pc 1991	592		9	19.78
DM95	DM88	Turin 6½pc 1984	DM95		6.5	13.90

AMERICANS

1983-84 High	Low	Stock	Price	+ or –	Div. Gross	C'vr	Y'ld Gr's
[illegible]							
14⅞	934p	SCA Services Inc.	10¼	–¼	20c	—	1.3
10	594p	Saul (B. F.) $1	928pxd		20c	—	1.5
33¼	22⅞	♥Shell Oil $1	28½	–⅛	$2.00	—	4.9
35	20	Sperry Corp 50.50	34⅝xd	–⅛	$1.92	—	3.9
36⅛	19⅛	Sun Co. Inc. ..	35¼	–⅞	$2.30	—	4.6
57¼	40⅝	TRW Inc. $1¼ ...	57¼	+⅛	$2.80	—	3.5
29⅞	20	Tenneco $5	28⅝	–⅛	$2.80	—	7.0
169	119	Do 10% Ln Stk. 91-95	163	–4	10%	—	f6.2
26⅛	18¼	Texaco $6.25....	26⅛	+⅝	$3.00	—	8.0
50⅛	29⅝	Time Inc. $1	43⅝	–⅝	$1.00	—	1.6
23¼	13⅞	Transamerica $1 .	21⅛xd	+⅞	$1.50	—	4.9
48⅛	31½	Union Carbide $1	46		$3.40	—	5.2
52⅞	33⅝	Utd. Tech. $US5 .	51⅞	–⅛	$2.60	—	3.5
23¼	12⅞	♥U.S. Steel $1	23⅛	–⅛	$1.00	—	3.0
26⅝	14½	♥Woolworths $3½..	26⅛	–⅛	$1.80	—	4.7
14¼	975p	Zapata Corp. 25c.	11⅛xd	..	84c	—	5.1

CANADIANS

1983-84 High	Low	Stock	Price	+ or –	Div. Gross	C'vr	Y'ld Gr's
17½	13	Bk Montreal $2 .	15⅞	+⅛	$1.96	—	7.0
26	16¼	Bk. Nova Scot.¶...	26xd	..	$2.04	—	4.5
116p	90p	Barrick Res Corp.	110p		—	—	—
19½	11⅞	Bell Canada¶	18⅝	–½	$2.18	—	6.7
15¾	850p	♥Bow Valley¶ ...	14⅛	–½	15c	—	0.6
22⅝	982p	Brascan¶..	21½xd	–1⅛	$1.60	—	4.2
586p	75p	Breakwater Res .	465p	–25	—	—	—
20⅝	15⅛	Can Imp Bk. $2..	17½xd	.	$2.08	—	6.8
29⅞	17⅞	Can Pacific $5 ..	29½	–⅛	$1.40	—	2.7
36½	28	Do 4pc Deb £100	36½	.	4%	—	10.9
14⅞	880p	Can. P. Ent.¶ ..	14⅛xd	+⅛	80c	—	3.2
180p	65p	♥Greenwich Res Inc.	160p	+2	—	—	—
11¼	704p	♥Gulf Can.¶....	991p	–9	44c	—	2.5
11⅛	712p	♥Hawker Sid Can¶.	11	–⅛	96c	—	5.0
16½	12½	♥Hollinger $5 ...	13½	.	s$2.20	—	9.3
14	914p	Hudson's Bay ¶....	13⅝xd	–⅛	60c	—	2.5
22⅛	14	♥Imperial Oil¶	21⅛	–⅛	$1.40	—	3.8
12¼	720p	Inco¶	10⅝	.	$US20c	—	1.3
555p	100p	Int'l Corona Res. .	520pxc	–10	—	—	—
945p	665p	♥Inter Nat Gas $1 .	945p		$1.10	—	6.6
428p	190p	Massey Ferg.¶..	428p	+28	B—	—	—
33	861p	♥Rio Algom .. .	10⅝	–¼	50c	—	2.7
20⅛	13¼	Royal Bk Can.¶	20⅛xd	+¼	$2.00	—	5.7
27¼	15½	Seagram Co. C$1	26⅞	+⅛	US$0.68	—	1.8
90p	65p	♥Talcorp .. .	75p	...	—	—	—
145p	115p	♥Do prel $3	145p	..	10%	—	11.8
*975p	637p	Tor. Dom. Bk.¶..	960pxa	–12	$0.76	—	4.5
18	13	♥Trans Can Pipe .	17⅞	–⅛	4$1.92	—	0.5

BANKS, H.P. AND LEASING

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
403	190	ANZ SA1	393	–10	Q28c	3.1	4.8	7.4
353	235	Alexanders D. £1	353	+3	20.0	—	8.1	—
£93	£66	Algemene Fl 100	£89⅛	.....	vQ26%	1.8	6.4	8.7
157	89	Allied Irish	152	.	tQ49%	4.2	6.3	5.2
110	71	Ansbacher (H.) 5p	80	–5	3.5	—	6.2	—
295	170	Bk. Ireland £1	295	..	tzQ24.9	—	6.7	—
£131½	800	Bk Leumi IS100	800		—	—	—	—
305	130	Bk Leumi (UK)£1	225	.	10.15	—	6.4	—
730	420	Bank Scotland £1	715	..	t24.0	4.1	4.8	5.5
534	385	Barclays £1 ..	500	–8	t22.0	3.6	6.3	5.0
370	235	Brown Shipley £1	370	.	7.75	—	3.0	—
465	315	Cater Allen £1 .	465	+10	t26.95	—	8.3	—
125	104	Char J Rothschild.	125	+1	4.5	—	5.6	—
54	41	Do. Warrants..	54	..	—	—	—	—
48	32	Clive Dis'nt 20p	47	–1	t3.2	—	9.7	—
980	650	Com'zbk DM 10	880	–5	gv12%	—	4.8	—
£24	£10¼	C'hgn Hbk Kr100	£23¼	–⅛	vQ15%	—	6.8	—
9	6½	Dawes (G. R.) .	7		—	—	—	—
£94	£68½	Deutsche Bank DM50 .	£88¼	–1¼	v22%	—	3.1	—
178	94	English Assoc. ..	160		h2.73	3.8	2.4	15.3
70½	39	First Nat. 10p .	69½	–½	—	—	—	5.5
5¼	¼	Do Wrrts 75-83	½	–⅛	—	—	—	—
20	8	♥First Pacific Fin	14½	.	Q8c	2.3	4.6	9.6
42	30	♥Do Hldgs ...	41½	–½	Q28c	1.1	5.6	16.1
255	161	Gerrard Natnl .	255		h10.0	—	5.6	—
59	43	Goode D'l Mry.5p	48		1.0	—	3.0	—
208	125	Grindlays	155	–3	4.38	3.0	4.0	11.8
*64	39	Guinness Peat .	59		—	—	—	—
167	100	Hambros 5p	155	–2	5.28	—	4.9	—
350	177	Hill Samuel	335	..	t9.1	—	3.9	—
86½	50	Hong Shng $2.50	68	.	tQ55c	—	7.1	—
78	57	Jessel Toyn & Gillett	77		t5.5	—	10.2	—
300	185	Joseph (Leo) £1 .	300	..	11.25	—	5.4	—
136	94	King & Shax 20p .	126		7.5	—	8.5	—
455	270	Kleinwort B.L ..	430	+5	11.0	—	3.7	—
576	395	Lloyds £1	540	–3	t24.58	3.8	6.5	4.4
*41	25½	Mannon Fin 20p .	41	+6	g1.0	1.1	3.5	(36.4)
540	234	Mercury Secs .	525	.	9.5	—	2.6	—
*455	272	Midland £1 ...	400	+5	§25.5	3.1	9.1	4.2
£80	£67	Do 7½% 83-93	£79¼	–⅛	Q7½%	38.9	19.6	—
£99	£89½	Do 10¼% 93-98	£98	...	Q10¼%	38.9	e11.2	—
118	77	Minster Assets .	113	.	t4.7	2.1	5.9	10.4
*255	128	Nat Com Bk Aus $A1	250	–5	Q23c	♦	5.7	♦
675	446	Nat. West. £1..	653	–2	t29.0	3.9	6.3	4.4
£80	£58	Ottoman Bank £20	£60½	–½	Q45%	—	—	—
228	115	Royal Bk of Scot.	216		7.4	3.3	4.9	6.9
870	465	Schroders £1 .	870	+10	15.0	—	2.5	—
360	200	Seccombe MC £1	260	..	19.0	—	10.4	—
£37⅛	£22⅛	Sec Pacific Corp.	£36⅛	+¼	Q$2.40	—	3.6	—
52	32	Smith St Aub	48	–2	3.5	—	10.4	—
*505	343	Stand'd Chart £1	490	–3	t27.0	2.6	7.9	6.0
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
Admiral Mines	24	+1	—	—	—
♥Anglo-Dominion	72		—	—	—
♥Anglo Utd. Dev.	57	+4	—	—	—
♥Centennial Mines	300	+5	—	—	—
♥Colby Res Corp.	160		—	—	—
Cons. Murch. 10c.	800	−25	100c	♦	7.6
Eastern Trans Cons 50c	£15xd		085c	4.9	2.8
Hampton Areas 10p	210xd		3.75	2.1	2.4
♥Highwood Res	180	+5	—	—	—
Homestake Mining $1	£19⅞	−⅛	Q20c	—	0.8
Northgate C$1	330	−10	—	—	—
R.T.Z.	634	+2	t17.0	2.9	3.8
Do ♥%Cullaks %2000	£135½		09½%	32.5	17.0
♥Sabina Inds C$1	75	+3	—	—	—
♥Tara Exptn $1	£10	−⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed, dealings permitted under Rule 163(4)(a).
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue. cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr. Belgian Francs. Fr French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	+1	Fin. 13% 97/02	£96	
Bdg'wtr. Est. 50p	320		Alliance Gas	75	
Craig & Rose £1	900		Arnott	218	
Finlay Pkg. 5p	40		Carroll (P.J.)	109xd	+3
Higsons Brew	85		Concrete Prods.	92	
Holt (Jos) 25p	890		Hall (R. & H.)	60	+2
I.O.M. Stm. £1	127		Heiton (Hldgs.)	37	
			Irish Ropes	46	
IRISH			Jacob	65	
Exch. 12% 1985	£99		T.M.G.	85	
Nat 9¾% 84/89	£85¾xd		Unidare	77	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land.	9
Barclays Bank	45	Legal & Gen.	45	Cap Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	26
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	36	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min	6
Cadburys	11	N.E.I.	10	Brit. Petroleum	35
Courtaulds	11	Nat. West. Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	25	Premier	5
Dunlop	5	Racal Elect.	18	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	19	Ultramar	60
Gen. Accident	42	Reed Intnl.	34		
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	14	**Mines**	
Grand Met.	36	Tesco	16	Charter Cons.	22
G.U.S. 'A'	55	Thorn EMI	55	Cons. Gold	50
Guardian	45	Trusthouse	16	Lonrho	8
G.K.N.	16	Turner & Newall	8	Rio T. Zinc	58
Hawker Sidd	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.†	56.1	60.4	....	7.19
Income*	81.8	89.3	+2.8	5.17
Capital Inc.‡	88.9	95.5	....	2.06
Do Acc.‡	111.7	120.1	....	2.06
Exempt‡	190.0	205.0	....	4.40
Intl Recovery Inc.‡	38.8	40.9	....	2.07
Do Acc.‡	49.4	53.2	....	2.07

Dealing *Tues. ‡Wed. †Thur. Prices Jan 4/5/6.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4, Melville Cres., Edinburgh 3. 031-226 3492

Cres. American	69.5	75.0	−0.3	1.13
Cres. Capital	46.7	50.4	−0.2	1.74
Cres. Growth & Inc.	80.3	86.7	−0.3	4.76
Cres. High. Dist.	64.6	69.7	....	7.17
Cres. International	133.6	144.2	−0.7	0.95
Cres. Resources	27.3	29.4	−0.2	2.04
Cres. Tokyo	93.4	100.8	−0.5	0.25

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane Potters Bar. 0707-42311

Pension Funds

EqPenFdAc	641.0	674.7	. .	—
Euro Fd Ac	98.0	103.1		—
FixedPenAc	431.7	454.3	+1.8	—
GtMnPnAc	252.0	265.2	+0.1	—
IntlManFd	281.5	296.2	−1.6	—
Jap Pen Fd	136.8	143.9	−1.7	—
AmPenFdAc	138.0	145.2		—
PropPenAc	230.5	242.6	+0.1	—
MplInPnAc	544.4	573.0	−0.6	—

Capital Life Assurance
24 Ludgate Hill. EC4P 4BD

Key Inv Fd	—	123.84		—
Pac-MarinsFd	—	123.4	..	—
Equity Fd	105.91	111.48		—
Fxd Int Fd	103.29	108.73	.	—
Property Fd	99.08	104.29	.	—
Cash Fd	99.08	104.29	.	—
Mnd Fd	106.63	112.24	.	—

Commercial Union Group
St Helens 1 Undershaft EC3. 01-283 7500

VarAnnAcJn7	—	152.17	.	—
VarAnnAnJn13	—	33.58		—
Prime Series—Life				
Managed	131.5	138.5	−0.4	—
UK Equity	134.2	141.5	−0.3	—
Int Equity	131.7	138.7	−0.7	—
Property	103.2	108.7		—
Fixed Int	112.7	118.7	−0.3	—
Index Lk Gt	90.5	95.3	.	—
Cash	100.1	105.4	..	—
Prime Series—Pensions				
Managed	95.0	100.0	. .	—
UK Equity	95.0	100.0		—
International	95.0	100.0		—
Property	95.0	100.0		—
Fixed Int	95.0	100.0	.	—
Index Lk Gt	95.0	100.0	.	—
Cash	95.0	100.0		—

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

Equity Acc	168.8	177.7		—
Propty Acc	157.3	165.6	. .	—
Int Acc	154.0	162.2	.	—
Mnaged Acc	165.6	174.4	.	—
Spec Sits	122.1	128.6	.	—
Pen Int Acc	145.4	153.1	.	—
Pen Pro Acc	174.3	183.4	.	—
Pens Equity	195.2	205.5	..	—
Pen Mg Acc	166.1	174.9	..	—

Gilt Deposit. Index Fund prices available on request.

Crown Life
Crown Life House. Woking GU21 1XW. 046862-5033

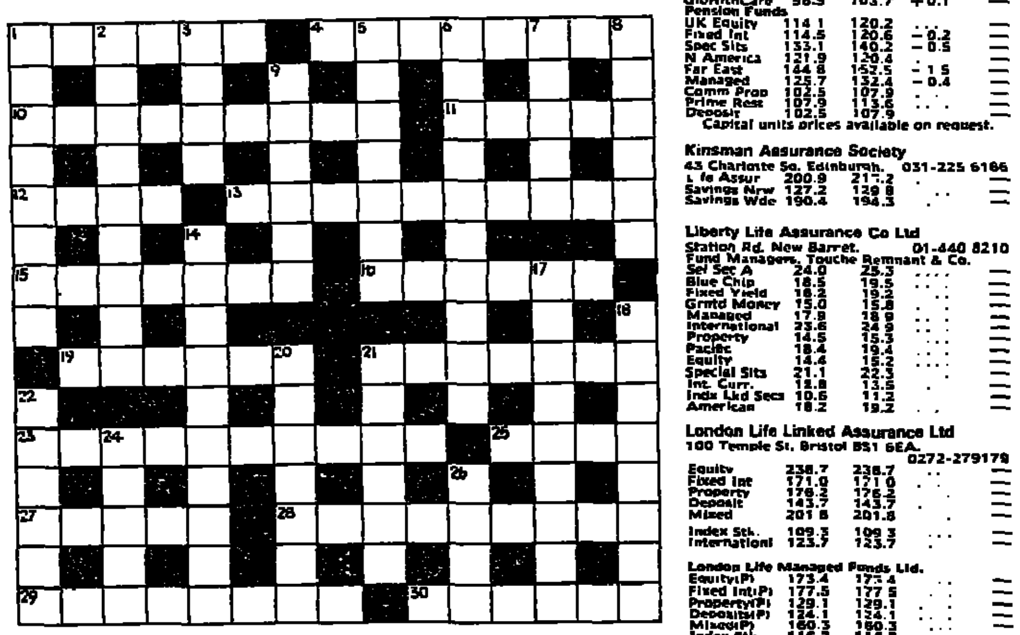
PenMnyAcc	127.0	133.6		—
PenMnyInt	115.8	121.8	.	—
PenCornFd	184.6	194.3	. .	—
BrewinEqFd	256.0	169.4		—
Strat Inv Fd	140.9	148.3		—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,313



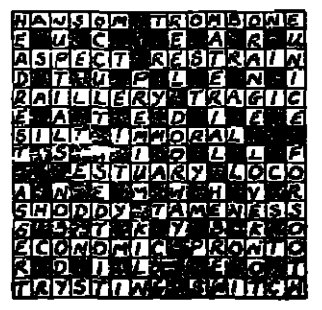
ACROSS

1 Attempt to get food inside convention (6)
4 Put case in favour of sterling (8)
10 Alludes to friends (9)
11 Supposed to protect one from a lot of damage (5)
12 Girdle is a nuisance, some say (4)
13 Changing colour, oxygen has a faint smell (10)
15 A trimmer ship (7)
16 Measure exhaust all in one piece (6)
19 Does not approve of buffets (6)
21 Rather late in the day for rolling over (7)
23 It's fashionable to take part in crime (10)
25 Operator in America expressing hesitation (4)
27 Join in when roll-call is over (5)
28 Get garage to make up the sum (9)
29 And left Slough for place where equipment could be stored (4-4)
30 Change to wood, please (6)

DOWN

1 Follow on at the rear of traffic hold-up (8)
2 The range is lengthening (9)
3 To a medical man, it's grave (4)
5 Plan is about to work out (7)
6 Stroke dog after walk (4-6)
7 States the time for practice (5)
8 Take responsibility, from some of roadside motel managers (6)
9 Puts in reverse or trance (6)
14 Sights for sore eyes? (10)
17 Restore control with dignity (9)
18 A shin-guard (old style) is pronounced wrong (8)
20 To fill up, I had a meal the day before (7)
21 One bug can be quite sufficient (6)
22 Study the synopsis (6)
24 Dispense with green light? (5)
26 Take a gamble on a foreign character (4)

Solution to Puzzle No. 5,312



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd	243.10		----	—
Managed Inv. Fd.	164.78	173.46	----	—
Property Fd	152.16	160.17	...	—
Fixed Interest Fd.	148.30	156.11	----	—
Cash Fd.	137.47	144.71	----	—
Income Fd.	181.54	191.10	----	—
Extra Income Fd.	174.41	183.59	----	—
Worldwide Growth Fd.	233.27	245.55	----	—
Balanced Fd	183.11	192.75	----	—
Smlr Co's & Recv. Fd	210.19	221.26	----	—
Int. Technology Fd	269.09	283.25	----	—
Nth. Amer. & Gen. Fd.	162.45	171.00	----	—
Energy Int. Fd.	108.48	114.19	----	—
Pacific Basin Fund	149.98	157.88	----	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117.4	123.6	----	—
Property	120.8	127.1	----	—
Equity	121.6	128.0	----	—
International	131.3	138.2	----	—
Fixed Interest	104.7	110.2	----	—
Deposit	100.4	105.7	----	—
Managed Pen. Cap.	118.2	124.4	----	—
Property Pens. Cap.	122.9	129.4	----	—
Equity Pens. Cap.	116.6	122.8	----	—
Intnl. Pens. Cap.	136.7	143.9	----	—
Fixed Int. Pens. Cap.	101.5	106.5	----	—
Deposit Pens. Cap.	97.8	103.0	----	—

Cannon Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29	97.4		----	—
Rtmt. Fed. Jan. 6	280.3		----	—
Managed Pen Fund	187.7	197.5	----	—
Property Pen Fund	115.5	121.6	----	—
Index Lnkd Pen Fund	112.0	117.9	----	—
Managed	127.4	134.2	−0.2	—
Property	106.2	111.8	+0.1	—
Gilt and Fixed Interest	109.4	115.2	−0.3	—
Index-Linked	97.6	102.8	+0.1	—
Equity	127.0	133.7	−0.2	—
Cash	105.4	111.0	----	—
Midland Bk. Unit Tst.	125.5	132.2	−0.3	—
Midland Bank Intnl.	150.5	158.3	−1.1	—

Cannon Assurance Ltd.

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	128.9	135.7	+1.0	—
GT Pln High Yld Fnd	130.9	137.8	+1.8	—
GT Plan Far East Fnd	129.3	136.2	−0.9	—
GT Plan N. Am Fd	147.6	155.4	+1.0	—
GT Pln UK&G.E. Fnd	147.0	154.8	+1.8	—
GT Pln Wrldwde Fnd	149.8	157.7	+0.5	—
GT Pension Bnd Fnd	142.0	149.5	+1.3	—
GT Pen High Yld Fd	149.8	157.7	+2.4	—
GT Pen Far East Fd	159.8	168.3	−1.3	—
GT Pen N. Am. Fd	216.7	228.2	+1.6	—
GT Pen UK & G.E. Fd	169.8	178.8	+2.1	—
GT Pen Worldwide Fd	161.3	169.8	+0.7	—

Prices for Accum. Units only

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	170.2	179.2	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	261.0		----	—
Portfolio Fd. Init.	213.6		----	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	280.2	295.3	----	—
Money Fd	156.7	164.9	----	—
Equity Fd	237.5	250.3	----	—
Fixed Int. Fd	119.6	126.0	----	—
Property Fd	174.2	183.6	----	—
Managed Pen. Fd	266.6	280.9	+4.6	—
Equity Pension Fd	190.3	200.5	+6.2	—
Fixed Int. Pen. Fd	169.6	178.7	+2.2	—
High Yield Pen. Fd	167.4	176.4	+2.2	—
Money Pension Fd	130.4	137.0	+0.2	—
Property Pension Fd	128.5	135.4	----	—
American & Gen. Fd	263.7	277.9	−3.3	—
Income Fd	198.3	209.0	+1.6	—
Int'l. Growth Fd	290.0	305.6	+2.5	—
Capital Fund	270.0	271.3	+0.9	—
Recovery Fund	161.0	169.7	+1.6	—

Growth & Sec. Life Ass. Soc. Ltd.

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

England's green expensive land

By Our Commodities Staff

ENGLISH farmland prices reached new record levels in the three months ended November, according to provisional figures published yesterday by the Ministry of Agriculture.

The weighted average price, which allows for regional and size-group variations in the sample, reached £4,826 a hectare, up from £4,762 in the August-October period and £4,419 in the final quarter of 1982.

The Ministry's land price index rose to 248 (1973=100).

● AUSTRALIA'S 1983/84 wheat harvest is estimated at a record 20.6m tonnes, up from the previous Government forecast of 20m tonnes.

● EXPORTS of Straits refined tin from Penang fell in December to 3,838.09 tonnes, from 4,272.75 tonnes in November and 4,594.49 tonnes in December 1982.

● WORKERS at the Toquepala coper mine and Ilo smelter postponed a threatened strike after resuming talks and accepting a wage increase imposed by the Peruvian Labour Ministry.

● WEST GERMAN sugar production totalled a provisional 2.49m tonnes in the 1983/84 campaign down from 3.29m tonnes the previous year.

● TAIWAN will send a trade mission to Washington for further talks to try to settle disagreements over Taiwan's rice export volume.

● EQUADOR'S new Agriculture Minister is Sen Fausto Jordan.

● INDONESIA plans to boost its rice output 22 per cent over the next five years, to 28.6m tonnes in 1988 from 23.5m tonnes last year.

● A THAI trade delegation will visit Peking to ask China to import more rice from Thailand.

British hill farmers at risk from EEC deadlock over cash support

BY RICHARD MOONEY

EEC FARMING Ministers' *failure to agree a new* structural aid package for EEC farmers yesterday brought an angry response from Britain's National Farmers' Union (NFU).

Negotiations on the package, worth £200m in a full year to UK farmers, were adjourned without agreement in Brussels following a dispute on whether or not to continue cash support to the dairy industry, whose overproduction is already the biggest single drain on Community funds.

After hearing the news Mr Chris Righton, NFU deputy president, demanded a "categoric assurance" from Agriculture Minister Mr Michael Jopling that support payments due to British hill cattle and sheep producers will be paid "in the near future."

A union statement, which described these payments as a "lifeline" for British hill farmers, said anger and alarm was expressed by hill farmers meeting in London yesterday.

"Many family farms will not survive if these moneys are withheld," Mr Righton declared.

After emerging from the Brussels meeting, Mr Jopling said: "I am extremely disappointed. *There is now a void* until we can reach agreement."

Only 25 per cent of the payments actually come out of the EEC budget, the rest being paid by national governments. But Mr Jopling was not sure whether Britain would be legally entitled to pay out its own three-quarters share in the absence of EEC agreement on the whole package.

"I will be asking our lawyers at home to look at this as a matter of urgency," he said. "There is a great deal of confusion."

If no Government money is paid out, UK farmers will have to wait at least until February 6, when the ministers next meet, for payments totalling £17m due this month. If they fail to agree again the delay will continue.

"We did everything we could to avert this situation," Mr Jopling said.

He quoted figures given to him at yesterday's meeting, showing the scale of the Common Agricultural Policy's cash crisis. According to these, the farm fund contains enough to cover payments totalling £730m a month for the rest of this year. But last year £828m was available each month and soaring costs will leave this figure far behind unless stringent economies are made.

Pig storage aids likely

BY IVO DAWNAY IN BRUSSELS

THE EEC Commission looks certain today to authorise the reintroduction of private storage aids for pig farmers after coming under intense pressure *to act on rapidly falling prices.*

Anxiety over the state of the pig meat market exploded in violence earlier this week when farmers from Brittany burnt Danish lorries and attempted to close border posts with Belgium.

The farmers claim that exports of Dutch pork to France have been increased recently in an attempt to maximise sales prior to community action aimed at stemming swine fever and foot and mouth disease.

Outbreaks of disease have been diagnosed in parts of the Netherlands, West Germany, *Belgium and Italy.*

But there is also anger over the general fall in prices which on Friday dropped 30 centimes to FFr 9.54 a kilo despite a base price of FFr 10.

Adding to the pressure, Copa and Cogeca, the two principal EEC farmers' pressure groups, wrote to M Michel Rocard, the president of the Agriculture Council, on Monday claiming that pigmeat is now barely achieving 75 per cent of the base price.

The organisations pointed out that in 1983 the average fall in prices on the previous year was 6 per cent, and this had deteriorated further with the incidence of disease and the release of 21,000 tonnes from storage in the autumn.

Attempting to stem fears of new outbreaks of disease, the *farm council agreed yesterday* to introduce a 5-km cordon around infected areas and to step up border checks.

Restricted gluten feed imports 'ridiculous'

THE EEC plan to restrict imports of maize (corn) gluten feed was "unfair" and "ridiculous," Mr John Block, U.S. Secretary of Agriculture, declared yesterday.

Mr Block, who was questioned by journalists in European capitals in a satellite link-up with Washington, said the U.S. was duty bound to comply with any request from the EEC to hold consultations via Gatt (General Agreement on Tariffs and Trade) on the issue.

Tax on oils

But top U.S. officials who had visited Brussels in December had already made it clear that they were strongly opposed to the restriction and *the proposed tax on fats and oils.*

Mr Block said the Community should not expect third countries to try and help solve its own internal *farm problems. It was a protectionist move and a step in* precisely the wrong direction, he added.

Mr Block said that a joint economic study had shown restriction on maize gluten feed imports would do nothing to help the EEC overcome its shortage of funds. It was absurd to suggest that if *U.S. farmers* made some sacrifice, this would make Community farmers more amenable to accepting reforms.

Gatt framework

Mr Block said the U.S. and EEC were agreed that spending on farm support had to be cut. He hoped that Gatt could be used to establish a long-term framework to regulate agricultural trade and reduce subsidies that distorted the world markets.

Further talks were planned with the Community, but the U.S. was waiting to see the outcome on the maize gluten imports issue.

U.S. to readmit Danish pigmeat

By Hilary Barnes in Copenhagen

THE United States will reopen its markets for imports of Danish fresh frozen pigmeat next Monday, Agriculture Minister Niels Anker Kofoed said yesterday after meeting Mr C. W. McMillan, the U.S. Deputy Secretary of Agriculture, in Brussels.

The U.S. as well as the *Japanese and Latin American* markets were closed to Danish exports after an outbreak of foot and mouth disease which began in March 1982. The restrictions meant that substantial quantities of Danish pigmeat were diverted to the EEC market instead.

The Japanese market, Denmark's most important overseas *market*, was reopened in September. The U.S. market is not itself a major market for the Danes.

Plumb hints at hard line on Cap reform

BY JOHN CHERRINGTON

SIR HENRY PLUMB, the Conservative leader in the European Parliament, yesterday gave the *clearest indication* yet that the British Government intends to take a hard line on Common Agriculture Policy (Cap) reform.

"The threat of disaster to the Common Agriculture Policy lies within the cereals and dairy sectors—the commodities which incur the heaviest cost," he said.

The former NFU president told the Oxford Farming Conference that guidelines for cereals were already there. Guarantee thresholds and the price differential between third country and domestic supplies could be reduced to the benefit of all livestock farmers if sufficient discipline continued to be imposed.

He looked forward to the end of a system which last year saw barley sold to a *Spanish farmer* at £68 a tonne while his British counterpart had to pay £140 a tonne for it.

On milk, he condemned the co-responsibility levy and price restraint as it pressed too hard on the small family farmer while stimulating larger farmers to greater production.

For that reason, of all the alternatives available, he favoured individual farm quotas. These would have to be *administered* nationally but within the framework of the Cap itself.

He did not underrate the difficulties but times had changed since he had addressed the conference four years ago. Then, he poured scorn on any talk of surpluses in a hungry world.

But now cash was running out. Community unemployment had doubled and the Athens summit had demonstrated the impossibility of agreement on increasing the budget. All that was left would be tinkering measures such as withholding grants and subsidies on intervention and exports and eventual bankruptcy and disaster.

Copper values drop sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES dropped sharply for the second day in succession on the London Metal Exchange yesterday. The three months quotation closed £17 *down at* £1,004.25 a tonne and fell to £997 in after hours dealings.

The market was depressed by the easier trend in New York overnight, and the announcement of another round of domestic price cuts by U.S. producers. Having just reduced their selling prices by 2 cents to 67 cents, U.S. producers promptly *cut them by another* 2 cents to 65 cents. London prices also came under pressure in late trading from the rally in sterling against the dollar.

However, zinc values rose to the highest levels for 9½ years recouping the losses suffered on Monday. The three months quotation *closed £8 higher* at £672.75 a tonne following speculative buying, led by a big computer fund.

Aluminium futures held steady in spite of the fall in copper and the rise in sterling. The market was bolstered by news of a larger than expected fall in world aluminium stocks during November.

Estimates by the International Primary Aluminium Institute, released yesterday, put stocks of primary aluminium in the non-communist world down to 1.944m at end-November, compared with 2.031m at end October and 3.053m a year ago.

This is the first time for three years that primary *stocks have* fallen below 2m tonnes, the Institute commented.

Crude palm oil price climbs to record high

By Wong Sulong in Kuala Lumpur

CRUDE PALM oil prices yesterday continued their advance to record heights on the Kuala Lumpur Commodities Exchange (KLCE), with current month prices up a hefty 194 ringgit to set another record at 2,222 ringgit (£679.51) per tonne on strong speculative support.

The turnover for the current month was 51 lots of 25 tonnes each, while volume for future months to June amounted to 315 lots.

Since the beginning of the year, palm oil prices on the KLCE have risen by more than 580 ringgit per tonne.

Traders generally feel the market is in for a sharp correction, although prices in recent weeks have confounded the market.

The KLCE yesterday decided to raise margin deposits for spot trading to 6,000 ringgit per lot. It is the second time in a week that margins were raised. On January 3, margins were increased from 2,000 ringgit to 4,000 ringgit.

The 6,000 ringgit margin will be able to meet daily price movements of up to 240 ringgit since one lot comprises 25 tonnes.

Margins for forward months have also been increased to 3,000 ringgit from 2,000 ringgit.

Palm oil prices are now more than 1.5 times higher than those a year ago, in terms of a stable Malaysian ringgit.

Prices began rising in the middle of last year, and continued to rise on news of a big shortfall in soyabean output in the U.S.

Prices strengthened further when it was clear that Malaysian palm oil production for 1983 would be much lower than anticipated—at 3m tonnes compared with 3.5 tonnes for 1982.

At current prices, crude palm oil is commanding a premium of over £42 per tonne over soya bean.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 10 1984	+ or —	Month ago
Metals			
Aluminium	£1100††	....	£1060
Free Mkt	$1570/1590	....	$1560/610
Copper			
Cash h grade	£979.5	—17.5	£999
3 mths	£1004.25	—17	£1025.25
Cash Cathode	£966	—17.25	£983
3 mths	£988.5	—17.25	£1008
Gold troy oz	$370.875	+4	$389.375
Lead Cash	£288.75	+0.75	£281.75
3 mths	£298.25	+0.5	£291.75
Nickel	£4813	....	£4646.34
Free Mkt	208/228c	....	205/225c
Palladium oz	$148.25	+1.5	$165.00
Platinum oz	£262.30	—0.2	£278.35
Quicksilver†	$305/315	+2.5	$305/315
Silver troy oz	576.80p	+11.50	657.55p
3 mths	589.80p	+11.70	672.25p
Tin cash	£8862.5	+25	£8732.5
3 month	£8837.5	—33	£8882
Tungsten	$78.43	....	$76.08
Wolfr'm 22.04 lb	$72/76	....	$68/72
Zinc Cash	£672	+13	£596.5
3 mths	£672.75	+8	£610.75
Producers	$980	....	$950

	Jan. 10 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1070y	—10	$995
Goundnut	‡	....	$860
Linseed Crude	‡	....	‡
Palm Malayan	$830w	+30	$705
Seeds			
Copra Phil	$715v	....	$670
Soyabean (U.S.)	$311	—3.25	$312
Grains			
Barley Fut. Mar	£123.00	—0.05	£123.85
Maize	£148.00	+0.5	£146.50
Wheat Fut. Mar	£120.55	—0.45	£123.70
No 2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1927	—21	£1876.5
Fut. May	£1855.5	—10	£1814.5
Coffee Ft. Mar	£1985	—12.5	£2005
Cotton A.Index	86.75c	—1.2	89.60c
Gas Oil. Feb	$246.5	—1	$244
Rubber (kilo)	85.5p	—0.5	85.5p
Sugar (Raw)	£123y	—1	£137
Woolt'ps 64s	442p kilo	....	418p kilo

‡ Unquoted. w Feb. z March. v Feb-Mar. y Jan-Feb. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound. †† British Alcan producer price since Dec 22.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.75	—0.20	—
Mar	28.70	+0.10	28.70
Apr	28.40	+0.10	28.48
May	28.27	+0.05	28.35-28.26
June	28.10	+0.18	—
July	28.10	+0.18	—

Turnover: 22 (27) lots 1,000 barrels.

Sales: 3,355 (1,844) lots of 5 tonnes. and drifted lower on lack of support from the physical market before moving back to the opening levels. A stronger than expected New York opening had no influence, but the market moved quickly lower as the U.S. market weakened, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.75	+0.10
Iranian Light	27.50-27.75	—
Arab Heavy	26.30-26.50	—0.05
North Sea (Forties)	29.00-29.25	—
North Sea (Brent)	29.10-29.45	—
African(Bonny Li'ht)	29.20-29.60	+0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	266-261	—
Gas oil	246-255	—1.0
Heavy fuel oil	175-178	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	247.50	—2.00	250.50-247.5
Feb	246.50	—1.00	248.25-246.2
Mar	242.50	—0.25	244.75-242.5
April	237.50	—1.25	241.00-237.5
May	234.00	—0.50	238.25-235.7
June	234.00	+0.50	234.50 -
July	235.00	+2.25	235.00-
Aug	237.00	+2.08	—
Sept	237.25	+0.75	—

Turnover: 2,404 (1,653) lots of 100 tonnes.

GOLD MARKETS

Gold rose $4 to $370½-371¼ on the London bullion market yesterday. The metal opened at the day's low of $365-365¾, and was fixed at $367½ in the morning, and $371¼ in the afternoon. It touched a peak of $373¾-374¼.

In Paris the 12½ kilo gold bar was fixed at FFr 103,000 per kilo ($372.83 per ounce) in the afternoon, compared with FFr 103,000 ($369.16) in the morning, and FFr 101,600 ($365.33) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,580 per kilo ($369.01 per ounce), against DM 33,200 ($364.51), and closed at $371-371½, compared with $365-365½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $366.25 per ounce, against $364.50.

In Zurich gold finished at $371½-372, against $365½-366.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Jan	371.00-72.50	+5.70	—
Feb	373.30-73.60	+5.55	375.50-67.70
April	379.10-79.80	+5.80	382.10-75.20
June	385.50-88.25	+5.75	386.00-79.00
Aug	391.70-92.70	+5.70	392.50-89.60
Oct	398.50-99.20	+5.25	—

Turnover: 769 (475) lots of 100 troy ounces.

	Jan. 10		Jan. 9	
Gold Bullion (fine ounce)				
Close	$370½-371¼	(£263¾-264¼)	$366½-367¼	(£261¾-262¼)
Opening	$365-365¾	(£262-262½)	$365¼-366	(£262-262½)
Morning fixing	$367.50	(£263.064)	$364.25	(£260.644)
After noon fixing	$371.25	(£263.766)	$366.25	(£260.893)

Gold and Platinum Coins Jan. 10					
Krugrnd	$381-382	(£271¾-272½)	King Sov	$91-92½	(£64¾-65¾)
½ Krg	$196½-197¼	(£140-140¾)	Victoria Sov	$91-92½	(£64¾-65¾)
¼ Krg	$100¼-101	(£71½-72)	French 20s	$71½-73¼	(£51-52¼)
1/10 Krug	$41-41¾	(£29¼-29¾)	50 pesos Mex	$453-456	(£323-324½)
Mapleleaf	$380¾-381½	(£271½-272)	100 Cor. Aust	$361-365	(£257½-260¼)
New Sov	$87-87¾	(£62-62½)	$20 Eagles	$520-530	(£376¾-377¾)
½ New Sov	$53¾-53¾	(£37½-38¼)	Noble (Plat)	$387-391	(£275½-278½)

EUROPEAN MARKETS

ROTTERDAM, Jan 10.

Wheat—(*U.S. $ per tonne*): U.S. two red winter Feb 161, Mar 161.50. U.S. two northern spring 14 per cent protein mid-Jan/mid-Feb 193, Feb 192, Mar 192, April/May 179, June 178, July 178. U.S. three amber durum Jan 206, Feb 208, Mar 210, April/May 191.50, June 191, July 190, Aug 189.50, Sept 188. Canadians western spring April/May 209, June 209.50.

Maize—(U.S. $ per tonne): U.S. three yellow afloat Ghent 159.50, Jan 155.75, Feb 155.25, Mar 154.25, April/June 154, July/Sept 154 *sellers*. Argentine Plate spot Ghent 177, Jan 175, Feb 177, Feb 2//Mar 20 167, April 160, May 160 sellers.

Sugar—(FFr per tonne): Mar 1825/1830, May 1891/1895, Aug 2000/2006, Oct 2065/2080, Dec 2140/2160, Mar 2265/2280.

PARIS, Jan 10.

Cocoa—(FFr per 100 kg): Mar 2272/2276, May 2269/2275, July 2265 bid, Sept 2280 ask, Dec 2270 ask, Mar 2270 ask, May 2280 ask.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL prices were mixed on the London Metal Exchange. ZINC values surged ahead on strong buying by a computer fund and persistent speculative buying to close the late kerb at £671.5 with the contango narrowing to around £1. TIN moved up on buffer stock support buying and speculative demand to close at £8,815 while ALUMINIUM prices were sustained by a larger than expected decline in international stocks. COPPER fell further to £994 prior to ending the late kerb at £997 owing to the poor overnight performance in the U.S. and rumoured arbitrage selling.

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

Nickel—Morning: Cash £3340, three months £3420, 10. Kerb: Three months £3410. Afternoon: Three months £3410, 05, 08, 10, 05, 08, 05. Kerb: Three months £3405. Turnover 1,788 tonnes.

SILVER

WEEKLY METALS

COCOA

RUBBER

COFFEE

GRAINS

SUGAR

POTATOES

SOYABEAN MEAL

WOOL FUTURES

COTTON

INDICES

AMERICAN MARKETS

NEW YORK, January 10.

Heating oil prices were moderately higher after opening very strong; trade used the opening for hedging and prices eroded slowly in anticipation of a neutral industry stock report, reports Heinold Commodities. The big news for all markets was the dramatic turnaround in the currencies which opened higher on evening-up in a grossly oversold situation. Precious metals moved higher with the currencies but ran into active trade selling which sharply reduced the gains for the day. Copper prices were very strong on the opening mostly on arbitrage buying against sterling; trade selling on the close halved the gains. Aluminium prices rallied with the currencies and on massive arbitrage activity. Sugar prices firmed on light trade buying and heavy arbitrage interest. Coffee prices finished sharply higher after the market overcame active commission house selling.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases from record level

The dollar lost ground in currency markets yesterday. Monday's intervention by central banks had helped to contain the dollar's rise but trading in the Far East yesterday took the dollar to new highs. These levels were not sustained after the start of business in Europe with strong commercial selling prompting an unwinding of dollar positions and a degree of profit taking. This reflected market uncertainty concerning future dollar trends.

Much depends on commercial activity, with speculative positions tending to adjust accordingly. Yesterday's fall in hte value of the dollar was partly inspired by a technical correction in the D-mark/yen cross rate. The D-mark had slipped below the Y82 level in Far East trading and this prompted fresh demand for the German unit, resulting in a steady improvement against the dollar. Movement out of the dollar produced an inevitable over-reaction and the U.S. unit recovered from the day's lows but still finished down from Monday's closing levels.

Against the D-mark it touched a low of DM 2.8010 before finishing at DM 2.8150 down from DM 2.8285 on Monday. It was also weaker against the Swiss franc at SwFr 2.2350 from SwFr 2.2510 and FFr 8.60 compared with FFr 8.6375. Against the yen it improved to Y233.55 from Y233.30. On Bank of England figures, the dollar's index fell to 131.6 from 132.0.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.4005. December average 1.4344. Trade-weighted index 81.8 compared with 81.7 at noon and 81.6 in the morning, 81.7 on Monday and 85.3 six months ago.

The pound improved against the dollar to finish at $1.4010-1.4020, a rise of 10 points. Against the D-mark it slipped to DM 3.9475 from DM 3.9550 but improved against the Japanese yen to Y327.5 from Y327, reflecting the switch out of yen into D-marks.

D-MARK — Trading range against the dollar in 1983-84 is to 2.3320. December average 2.7487. Trade-weighted index 123.3 against 127.2 six months ago.

The D-mark improved at the Frankfurt fixing. The dollar opened very firm at DM 2.8445, but then declined to a fixing level of DM 2.8235, compared with DM 2.8332 previously. The Bundesbank sold DM 42.2m at the fixing, but there was some doubt as to whether the central bank was active on the open market. Sterling fell to DM 3.9570 from DM 3.9610; the Dutch guilder to DM 89.120 per 100 guilders from DM 89.160; the French franc to DM 32.710 per 100 francs from DM 32.775; and the Swiss fran to DM 1.2568 from DM 1.2576.

JAPANESE YEN — Trading range against the dollar in 1983-84 is 246.90 to 226.80. December average 234.40. Trade-weighted index 157.8 against 146.9 six months ago.

The yen lost ground to the dollar, as the U.S. currency closed at the day's high of Y234.05, compared with Y233 on Monday. The dollar moved up in Far Eastern markets after a very strong performance in Europe and New York. It touched a peak of DM 2.85 against the D-mark in Tokyo, but then retreated to finish at DM 2.84 without any apparent central bank intervention. The sudden late turnround followed nervousness after the yen-mark cross rate dipped briefly below Y82.

The yen-mark cross rate closed at Y82.41, compared with Y82.36 on Monday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0600	+2.58	+1.90	±1.5447
Danish Krone	8.14104	8.16920	+0.35	−0.33	±1.6425
German D-Mark	2.24184	2.25763	+0.70	+0.02	±1.0642
French Franc	6.87456	6.90352	+0.42	−0.26	±1.4052
Dutch Guilder	2.52595	2.53360	+0.30	−0.38	±1.4964
Irish Punt	0.72569	0.729461	+0.38	−0.30	±1.6699
Italian Lira	1403.49	1368.16	−2.52	−2.52	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Jan. 10	Previous
Spot	$1.4025-4035	$1.3920-3930
1 month	0.03-0.07 dis	0.06-0.07 dis
3 months	0.15-0.19 dis	0.20-0.22 dis
12 months	0.75-0.85 dis	0.88-0.94 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3915-1.4080	1.4010-1.4020	0.03-0.08c dis	−0.47	0.15-0.20dis	−0.50
Canada	1.7450-1.7590	1.7535-1.7545	0.05-0.15c dis	−0.68	0.15-0.25dis	−0.46
Nethlnd.	4.42-4.45½	4.42¾-4.43¾	1⅛-1⅛c pm	3.72	3½-3⅛ pm	3.27
Belgium	80.35-80.90	80.45-80.55	2-12c dis	−1.04	25-35 dis	−1.49
Denmark	14.25-14.35	14.25½-14.26½	3½-4⅞ore dis	−3.37	8⅞-9⅞ dis	−2.43
Ireland	1.2700-1.2800	1.2725-1.2735	0.20-0.38p dis	−2.73	0.70-0.90dis	−2.51
W. Ger.	3.93½-3.97	3.94½-3.95½	1½-1pf pm	3.79	3½-3 pm	3.29
Portugal	191.00-193.75	191.50-192.00	130-305c dis	−13.61	445-985dis	−14.91
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	11.07-11.14	11.10-11.11	[illegible]	[illegible]	[illegible]	[illegible]
France	12.04-12.11	12.04½-12.05½	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	11.45-11.51	11.47-11.48	[illegible]	[illegible]	[illegible]	[illegible]
Japan	326-329	327-328	[illegible]	[illegible]	[illegible]	[illegible]
Austria	27.75-27.97	27.78-27.83	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	3.12½-3.15½	3.13-3.14	2-1½c pm	6.70	4⅞-4⅜ pm	5.98

Belgian rate is for convertible francs. Financial franc 81.75-81.85. Six-month forward dollar 0.30-0.35c dis, 12-month 0.74-0.84c dis.

THE DOLLAR SPOT AND FORWARD

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3915-1.4080	1.4010-1.4020	0.03-0.08c dis	−0.47	0.15-0.20dis	−0.50
Ireland†	1.0945-1.1040	1.1010-1.1020	0.24-0.21c pm	2.45	0.60-0.53 pm	2.05
Canada	1.2515-1.2530	1.2515-1.2520	par-0.02c dis	−0.09	0.03-0.01 pm	0.06
Nethlnd.	3.1520-3.1760	3.1525-3.1545	1.15-1.05c pm	4.18	3.15-3.00 pm	3.90
Belgium	57.35-57.75	57.42-57.44	2.5-3.5c dis	−0.63	14-17 dis	−1.08
Denmark	10.17½-10.28½	10.17½-10.18	1.00-1.50ore dis	−1.47	1.00-1.50dis	−0.49
W. Ger.	2.8010-2.8455	2.8145-2.8155	1.00-0.97pf pm	4.20	2.70-2.66 pm	3.81
Portugal	136.75-138.40	136.75-137.25	90-210c dis	−13.14	300-690dis	−14.30
Spain	160.80-161.20	160.85-160.95	100-125c dis	−8.37	340-385 dis	−9.00
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	19.80-19.97	19.80-19.81	[illegible]	4.08	20-17 pm	3.73
Switz.	2.2325-2.2530	2.2345-2.2355	[illegible]	7.22	3.45-3.38 pm	6.08

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.35-58.40.

OTHER CURRENCIES

Jan. 10	£	$		£ Note Rates
Argentina Peso	33.82-33.69	24.09-24.12	Austria	27.75-28.05
Australia Dollar	1.5430-1.5450	1.099-1.100	Belgium	81.40-82.30
Brazil Cruzeiro	[illegible]	993-998	Denmark	14.20-14.34
Finland Markka	[illegible]	[illegible]	France	12.03-12.14
Greek Drachma	143.85-145.90	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	124½*	88.75*	Japan	327-332
KuwaitDinar(KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	80.45-80.55	57.43-57.44	Norway	11.07-11.18
Malaysia Dollar	[illegible]	[illegible]	Portugal	187-204
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	11.45-11.56
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	201-215

* Selling rates.

CURRENCY RATES

Jan. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.738108	0.572344
U.S. $	8½	1.03315	[illegible]
Canadian $	—	[illegible]	[illegible]
Austria Sch	3¾	[illegible]	15.9365
Belgian F	10	N/A	46.0600
Danish Kr	7	N/A	8.16920
D'mark	4	2.91704	2.25763
Guilder	5	[illegible]	2.53360
French F	9½	[illegible]	6.90352
Lira	17	[illegible]	1368.16
Yen	5	[illegible]	[illegible]
Norwgn Kr	8	[illegible]	[illegible]
Spanish Pta	—	[illegible]	[illegible]
Swedish Kr	8½	[illegible]	[illegible]
Swiss Fr	4	[illegible]	[illegible]
Greek Drch	20½	[illegible]	[illegible]

*CS/SDR rate for Jan 9: 1.29383

CURRENCY MOVEMENTS

Jan. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.8	−8.9
U.S. dollar	131.6	+19.8
Canadian dollar	92.2	+0.5
Austrian schilling	113.3	+3.9
Belgian franc	88.6	−18.2
Danish kroner	77.6	−6.1
Deutsche mark	133.5	+6.5
Swiss franc	150.0	+14.1
Guilder	115.5	+3.6
French franc	65.4	−15.6
Lira	48.6	−12.4
Yen	157.9	+13.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 10	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.402	3.948	327.5	12.05	3.155	4.430	2388.	1.754	80.50
U.S. Dollar	0.714	1.	2.815	233.6	8.600	2.250	3.164	1705.	1.252	57.43
Deutschemark	0.253	0.355	1.	82.96	3.053	0.794	1.122	604.9	0.444	20.39
Japanese Yen 1,000	3.053	4.279	12.05	1000.	36.79	9.573	13.53	7292.	5.356	245.8
French Franc 10	0.830	1.163	3.276	271.8	10.	2.602	3.676	1982.	1.456	66.80
Swiss Franc	0.319	0.447	1.259	104.5	3.844	1.	1.413	761.7	0.559	25.68
Dutch Guilder	0.226	0.316	0.891	73.93	2.720	0.708	1.	539.1	0.396	18.17
Italian Lira 1,000	0.419	0.587	1.653	137.1	5.046	1.313	1.855	1000.	0.735	33.71
Canadian Dollar	0.570	0.799	2.251	186.7	6.870	1.787	2.526	1361.	1.	45.90
Belgian Franc 100	1.242	1.741	4.904	406.8	14.97	3.894	5.503	2966.	2.179	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9¼-9⅜	9¼-9½	9½-10	5⅜-5½	1¾-2	5⅝-5¾	12-12¼	15-16	9½-10	9½-10	5¾-5⅞	11⅞-12⅜
7 day's notice	9¼-9⅜	9⅜-9⅝	9½-10	5⅜-5½	1¾-2	5⅝-5¾	12-12¼	15¾-16¾	10-10½	10-10½	5⅞-6	11-11½
Month	9⅜-9⅝	9½-9¾	9⅝-9⅞	5½-5⅝	3⅛-3¼	5¾-5⅞	12⅛-12⅜	16-16½	10-10½	10½-10¾	6-6⅛	10⅝-11⅛
Three months	9½-9⅝	9¾-10	9⅞-10	6-6⅛	3½-3⅝	6-6⅛	12⅞-13⅛	16⅝-16⅞	10¾-11¼	10⅞-11⅛	6¼-6⅜	10¾-11¼
Six months	9⅝-9¾	9⅞-10⅛	9⅞-10⅛	6⅛-6¼	3⅞-4	6¼-6⅜	13¾-14	16⅞-17⅜	11-11½	11⅛-11⅜	6⅜-6½	10¾-11¼
One Year	9⅞-10	10⅜-10⅝	10⅛-10⅜	6½-6⅝	4⅛-4¼	6⅝-6¾	14⅛-14⅜	17⅝-18⅛	11-11½	11⅛-11⅜	6⅝-6¾	10⅞-11⅜

Asian $ (closing rates in Singapore): Short-term 9⁷⁄₁₆-9⁹⁄₁₆ per cent; seven days 9½-9⅝ per cent; one month 9¹¹⁄₁₆-9¹³⁄₁₆ per cent; three months 9⅞-10 per cent; six months 10³⁄₁₆-10⁵⁄₁₆ per cent; one year 10⅜-10½ per cent. Long-term Eurodollars two years 11⅛-11¼ per cent; three years 11¼-11⅜ per cent; four years 11⅞-12 per cent; five years 12-12⅛ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates continue to rise

UK interest rates were firmer despite a recovery by sterling. Three-month eligible bank bills were quoted at 9¼¼ per cent up from 9⅞ per cent while three-month eligible bank bills were bid at 8⅞ per cent, unchanged from Monday. Overnight interbank money opened at 9½-9¾ per cent and touched a peak of 9½ per cent before slipping away to 4 per cent.

The Bank of England forecast a shortage of around £450m although this was later revised to £550m. Factors affecting the market included maturing assistance and take up of Treasury bills together draining £308m and Exchequer transactions a further £250m. These were partly offset by a fall in the note circulation of £105m.

The Bank gave assistance in the morning of £549m, only £99m of which comprised outright purchases, reflecting the current shortage of eligible paper. The Bank bought £16m of eligible bank bills in band 1 (up to 14 days) at 9½ per cent and £36m in band 2 (15-33 days) at 9 per cent. In band 3 (34-63 days) it bought £7m of Treasury bills and £11m of eligible bank bills all at 8¹⁵⁄₁₆ per cent and in band 4 (64-91 days) £3m of local authority bills and £17m of eligible bank bills at 8⅞ per cent. It also arranged sale and repurchase agreements on £450m of bills at 9-9⅛ per cent, unwinding on January 31.

The forecast was again revised to a shortage of around £600m in the afternoon, before taking into account the morning's operations and the Bank gave additional help of £59m, comprising purchases of £1m of eligible bank bills in band 1 at 9⁵⁄₁₆ per cent and £33m in band 2 at 9 per cent. In band 4 it bought £7m of Treasury bills and £18m of eligible bank bills all at 8⅞ per cent.

In Frankfurt call money was quoted at 5.55-5.65 per cent, unchanged from Monday. There was less evidence of the recent upward pressure however as banks received DM 7.6bn from the Bundesbank, forming the latest 34-day sale and repurchase agreement. Borrowing under the Lombard facility rose to a high of DM 14bn on Monday as banks sought funds to bridge the gap between Monday's maturing repurchase agreement, draining DM 7.2bn and yesterday's inflow.

There appeared to be little movement in longer term rates to reflect the dollar's continued rise against the D-mark although some dealers suggested that interest rates may have to be increased in order to restrict capital outflows should the dollar continue to appreciate.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Jan. 10	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	12¼	1-2	5⅝-5¾	5.96875	17½-17⅞	8.95	12-12¼
One month	5.95-6.10	12⅛-12¼	3⅛-3¼	5⁹⁄₁₆-5¹¹⁄₁₆	6.15625	17¼-17⅞	10⅝-10⅞	12-12¼
Two months	5.95-6.10	12¼-12⅜	—	—	—	—	—	12⁵⁄₁₆-12⁹⁄₁₆
Three months	6.00-6.15	12¼-12⅜	3⁷⁄₁₆-3⁹⁄₁₆	6-6⅛	6.21875	17⅝-18	10⅞-11⅛	12⁵⁄₁₆-12⁹⁄₁₆
Six months	6.25-6.40	12¼-12⅜	—	6⅛-6¼	—	—	11-11⅜	12¼-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 10 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-9¾	9¼-9⅜	6-9⅜	3-9¼	—	—	—	—	—
2 days notice	—	—	9⅜-9¼	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 day notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	9¼	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	9¼	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	9¼	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	9⅝	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	10	[illegible]	—	—
One year	[illegible]	—	10½	[illegible]	[illegible]	[illegible]
Two years	—	11	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.482 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5⅞ per cent. Treasury Bills: Average tender rate of discount 8.8888 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9⅝ per cent; three-six months 9⅝ per cent; six-12 months 10⅛ per cent. Under £100,000 9⅝ per cent from January 4. Deposits held under Series 4-5 10⅛ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. January 10

3 months U.S. dollars	
bid 9 7/8	offer 10

6 months U.S. dollars	
bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½
Fed funds	9⅝
Fed funds at intervention	9⅝

Treasury Bills

One month	8.50
Two month	8.70
Three month	8.90
Six month	9.03
One year	9.08

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Gilts weaker

Gilts weakened on the London International Financial Futures Exchange yesterday in quite active trading. March delivery long-term gilt futures followed down cash prices after one or two failed attempts to rally. The contract opened reasonably firm at 110-14 following a good close to the U.S. bond market on Monday, but then weakened as sterling lost ground to the dollar on the foreign exchanges. It touched a high point of 110-19 when U.S. Treasury bonds opened above market forecasts in Chicago, but fell to a low of 109-28 on publication of the UK December money supply figures, showing a rise of 1.25 per cent in M3, compared with 0.6 per cent in November, and nearly as bad as the large 1.5 per cent rise in October. The March contract closed at 109-30, compared with 110-17 previously.

Three-month sterling deposits and Eurodollar futures were firmer however. March sterling deposits opened at 90.45, and fell to a low of 90.40 as the pound threatened to hit a record low against the dollar, but then picked up as sterling recovered on the foreign exchanges, closing at the day's peak of 90.50, against 90.48 on Monday.

Eurodollar's began the day slightly softer, but rose as the dollar fell back. March delivery opened at 89.93, near to the low on the day of 89.91, and finished at 90.03, close to the day's high point of 90.05, and compared with 89.95 previously. The rise was encouraged by the good performance of U.S. credit markets, despite expectations that inflationary fears will continue this week following publication of some economic statistics. The figures on U.S. industrial production and retail sales are anticipated to show that economic recovery remains strong.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.03	90.05	89.91	89.95
June	89.69	89.70	89.59	89.62
Sept	89.41	89.41	89.36	89.35
Dec	89.11	—	—	89.08
March	—	—	—	88.86

Volume 2,889 (2,481)
Previous day's open int 9,010 (8,918)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.50	90.50	90.40	90.48
June	90.27	90.27	90.18	90.25
Sept	90.05	90.08	89.96	90.03
Dec	89.82	—	—	89.81

Volume 1,154 (562)
Previous day's open int 5,202 (5,158)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-30	110-19	109-28	110-17
June	109-13	109-24	109-13	110-01
Sept	109-01	—	—	109-21
Dec	109-03	—	—	109-09
March	108-26	—	—	108-29

Volume 4,391 (3,000)
Previous day's open int 2,401 (1,940)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 35 to 46 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4050	1.4078	1.3955	1.4010
June	1.4065	1.4085	1.3977	1.4030
Sept	—	—	—	1.4050

Volume 410 (462)
Previous day's open int 2,174 (2,283)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3574	0.3585	0.3541	0.3555
June	—	—	—	0.3586
Sept	—	—	—	—

Volume 174 (89)
Previous day's open int 280 (281)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4518	0.4518	0.4468	0.4486
June	0.4580	—	—	0.4552
Sept	—	—	—	—

Volume 53 (44)
Previous day's open int 132 (130)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4307	0.4313	0.4288	0.4311
June	0.4347	0.4347	0.4331	0.4350
Sept	—	—	—	—

Volume 72 (51)
Previous day's open int 264 (222)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-22	70-25	70-18	70-11
June	70-02	70-07	70-00	69-24
Sept	69-15	69-19	69-15	69-06
Dec	68-31	69-03	68-30	68-22
March	68-16	68-20	68-16	68-07
June	—	—	—	67-26
Sept	—	—	—	67-14
Dec	67-13	67-15	67-13	67-04

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.89	90.93	90.88	90.82
June	90.56	90.59	90.53	90.48
Sept	90.30	90.30	90.27	90.20
Dec	90.02	90.04	89.98	89.94
March	89.78	89.80	89.78	89.73
June	89.58	89.58	89.58	89.52
Sept	89.38	89.38	89.35	89.33
Dec	89.17	89.17	—	89.16

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.18	90.22	90.14	90.11
June	89.80	89.82	89.78	89.72
Sept	89.47	89.50	89.47	89.38
Dec	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.73	89.76	89.69	89.65
June	89.40	89.42	89.37	89.31
Sept	89.10	89.13	89.07	89.02
Dec	88.82	88.85	88.81	88.76
March	88.58	88.59	88.57	88.52
June	88.32	88.34	88.34	88.27

STERLING (IMM) $ per £

	Latest	High	Low	Prev
March	1.4045	1.4090	1.4015	1.3935
June	1.4070	1.4110	1.4035	1.3955
Sept	1.4060	1.4140	4080	1.3980
Dec	1.4105	—	4105	1.4005
March	1.4105	—	4105	1.4030

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-23	69-25	69-15	69-12
June	68-24	68-26	68-18	68-15
Sept	67-28	67-28	67-26	67-20
Dec	67-03	67-07	67-01	66-29
March	—	—	—	—
June	65-30	66-00	65-30	65-24
Sept	65-16	65-18	65-16	65-10
Dec	65-04	65-06	65-04	64-30

London clearing banks' balances

as at December 14 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	16,787		+563	
UK private sector	54,710		+353	
UK public sector	1,169		− 87	
Overseas residents	8,513		− 19	
Certificates of deposit	5,044		+ 14	
		86,223		+ 823
of which: Sight		28,422		+ 888
Time (inc. CD's)		57,801		− 64
Foreign currency deposits:				
UK monetary sector	16,691		+592	
Other UK residents	4,282		+214	
Overseas residents	38,518		+434	
Certificates of deposit	6,721		+724	
		66,211		+1,964
Total deposits		152,434		+2,787
Other liabilities*		19,004		+ 311
TOTAL LIABILITIES		171,438		+3,098
ASSETS				
Sterling				
Cash and balances with Bank of England		1,501		+ 102
Market loans:				
Discount houses	3,625		+541	
Other UK monetary sector	13,817		+ 14	
UK monetary sector CD's	2,067		+311	
Local authorities	998		− 21	
Other	1,047		+ 36	
		21,554		+ 880
Bills:				
Treasury bills	144		+ 6	
Other bills	1,463		+ 40	
		1,607		+ 46
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,886		− 50	
Other	3,190		+ 6	
		6,077		− 44
Advances:				
UK private sector	57,054		+176	
UK public sector	457		+ 6	
Overseas residents	4,309		+ 50	
		61,820		+ 232
Other sterling assets*		9,353		− 383
Foreign currencies				
Market loans:				
UK monetary sector	16,892		+606	
Certificates of deposit	665		+ 36	
Other	27,401		+820	
		44,959		+1,462
Bills		109		+ 4
Advances:				
UK private sector	4,883		+314	
UK public sector	709		+ 54	
Overseas residents	15,118		+485	
		20,710		+ 853
Other foreign currency assets*		3,749		− 55
TOTAL ASSETS		171,438		+3,098
Acceptances		2,787		+ 24
Eligible liabilities		64,467		+ 312

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	152,434	+2,787	41,578	+1,110	28,241	+138	30,320	+249	48,026	+1,217	4,270	+ 75
ASSETS												
Cash and balances with Bank of England	1,501	+ 102	446	− 12	263	+ 29	244	+ 7	472	+ 69	76	+ 9
Market loans:												
UK monetary sector	34,335	+1,161	9,654	+277	4,879	− 71	4,473	+306	14,639	+631	690	+ 18
Other	32,178	+1,181	8,291	+769	6,985	+ 26	7,416	+ 93	8,442	+321	1,043	− 28
Bills	1,716	+ 51	639	+ 43	392	− 1	376	+ 30	243	− 39	67	+ 17
British Government stocks	2,886	− 50	832	− 24	666	+ 9	709	− 14	601	− 23	78	+ 3
Advances	82,531	+1,996	23,357	+269	16,039	+274	16,132	+ 68	24,544	+394	2,459	+ 81

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	64,467	+ 312	19,952	+277	12,615	+151	11,338	−115	18,595	− 53	1,967	+ 51

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, 6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankfurter Allee 71-81. Telex: 416052. Telephone: 7598-157.

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INTERNATIONAL CAPITAL MARKETS

Cool reception for complex offerings

BY OUR EUROMARKETS STAFF

THREE fixed-rate Eurodollar bond issues were launched yesterday into a market which was less than receptive.

The European Investment Bank came out with a *complicated $130m* deal through Nikko Securities. The bond pays an 11¾ per cent coupon at a price of 99¾, and investors can choose to take a seven-year issue which is redeemed at par or a 15-year bond to be redeemed at a price of 113.

Two-thirds of the issue will be placed in the Far East, and cynics suggested yesterday that the long tranche was a disguised private placement to Japanese institutions while the shorter tranche was intended for the European market. The Japanese Ministry of Finance does not allow more than half an issue to be placed privately in Japan.

Dealers reported little interest in the issue, which was thought to be rather aggressively priced.

Den norske Creditbank's $50m deal received the same verdict. As reported yesterday, the seven-year bond has an 11¾ per cent coupon at par and with each bond is included *a warrant to buy a seven-year 11¾* per cent bond from the same issuer at par. The warrants were deemed by the market to be worth about $10 each – this would give a yield on the stripped bond of just under 12 per cent. DnC's 13 per cent issue of 1990 is currently yielding around 12¼ per cent. The new bond, which is led by S.G. Warburg and Bankers Trust International, traded at a discount of over 2 per cent.

The dollar secondary market picked up yesterday afternoon when the New York market opened strongly. Prices moved up by about ⅛-¼ point.

EHF Bank bond average		
Jan 10		Previous
98.056		98.121
High	1983/84	Low
102.017		97.699

In Germany, Michelin is raising DM 100m through a five-year, 8¾ per cent private placement priced at par. Commerzbank is leading the deal, which was reported to be well received, trading at a small ¼ per cent discount.

The Asian Development Bank is raising SwFr 100m through a 10-year public issue with an indicated yield of 6⅛ per cent.

Just as the market closed, Credit Suisse First Boston launched a $100m bond for Beneficial Corporation, the U.S. financial group. The seven-year issue has a 12 per cent *coupon at a price that will be determined next Tuesday* – probably between 99 and par.

Today, CSFB will apparently launch a $100m floating rate note for Sumitomo Trust and Banking. It is understood that the issue will have a 10-year life and will pay a spread of ⅛ point over the mean of the six-month London interbank bid and offered rates at par. Investors will have the chance to redeem their bonds after eight years, and Sumitomo Trust International will be co-lead manager.

Though it had not officially been launched yesterday, it was being traded at a discount of around 0.40 per cent, *well within its ⅜ point* front-end fees.

EIB in co-financing deal for Portugal

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE EUROPEAN Investment Bank (EIB) has entered into a rare co-financing agreement with a group of commercial banks to provide funds for a power station development at Sines in Portugal.

The agreement links an Ecu 25m, 20 year loan being provided by the EIB to Electricidade de Portugal to a $30m, 10-year loan being raised for the same borrower by a group of banks under the leadership of NMB-Interunion in Paris.

The co-financing follows the pattern traditionally adopted by the World Bank, but it is believed to be the first time that the EIB has agreed to a co-financing which contractually links its own operation to a commercial bank loan through cross-default and other clauses.

It is understood that the EIB's decision to opt for a co-financing partly reflects a general desire to test the suitability of such deals. Portugal is an obvious candidate since it is negotiating to join the EEC. The involvement of a Community institution in this way is thus also regarded as a political gesture to Portugal.

Electricidade de Portugal has benefited from the arrangement both by securing additional funds for its Sines project from commercial banks and from the long maturity on the commercial loan. It is to be a 10-year credit bearing interest at a margin of ⅝ per cent over London Eurodollar rates.

Drexel in high yield fund move on U.S. credit market

BY MARY ANN SIEGHART IN LONDON

A HIGH YIELD securities fund has been set up by Drexel Burnham Lambert, the U.S. investment house.

The investments will include bonds from borrowers with low or non-existent credit ratings, those whose credits have been downgraded and those whose credit potential has not yet been recognised by the market.

The fund, called the Finsbury Group Ltd., aims to exploit inefficiencies in the U.S. credit market. In many cases, according to Drexel, the high yields on such bonds are more than enough to compensate investors for the additional risk.

Drexel Burnham Lambert, which claims to have over 60 per cent of the U.S. brokerage market in high-yielding bonds, will administer the fund, but will not manage its investments. This task will be divided equally between First Investors Management Company and Solomon Asset Management.

Drexel estimates that the high-yield market in the U.S. has now reached $65bn-$75bn. The Finsbury fund managers will be looking for:

● *Emerging credits* – small, growing companies which appear to have been underrated by credit rating agencies.

● *Troubled credits* – where the issuer has financial problems but the fund managers believe the company will survive. These bonds fall dramatically in price and will often offer a yield as high as 17 per cent.

● *High-premium convertibles* – where the yield on the bond is higher than normal convertibles and there are long-term prospects of the share price rising.

● *"Busted" convertibles* – where the stock price has fallen so far below the conversion price that the bonds are trading on a yield basis.

● *Bond/warrant units* – which combine high yield with a chance of buying the company's equity.

● *Post-bankruptcies* – selection here is based on liquidation analysis.

● *Special situations* – such as sinking funds or leveraged buy-outs.

The fund which will start with a size of about $30m, will be aimed at institutional investors with a minimum investment of $150,000. Annual returns are expected to be in the region of 27-30 per cent. Mr Albert Fuss, a senior vice president at Drexel, said: "It's not for widows and orphans but there is a place in institutional portfolios for the high-yield market."

Drexel is also planning to set up a financial futures trading fund soon. "Winchester Financial" will be open to individual investors with a minimum stake of $10,000.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Comm 11¼ 90	100	101¼	101¾	+0⅛	+0½	10.90
Australia Comm 11½ 95	300	97⅜	97⅞	0	+0⅝	11.87
Australia Comm 11⅝ 98	100	97¾	97⅞	+0½	+0⅝	11.96
Bank of Tokyo 11 90	100	94⅞	95⅜	+0⅜	+0⅝	12.13
Bank of Tokyo 11⅛ 90	100	98½	99	+0½	+0⅝	12.14
British Col Hyd 10¾ 88	200	96¼	96¾	+0¼	+0⅝	11.32
Brazil Fin 11⅞ 90	125	99⅞	100⅜	+0⅜	+0¾	11.82
Canada 10⅞ 88	*500*	99⅜	99⅝	–0⅛	0	11.19
C.C.C.E. 12⅛ 95	75	99⅞	100⅜	+0⅜	+1	12.58
C.I.B.C. 11 90	75	92⅜	93⅜	+0¼	+0⅝	12.67
Citicorp O/S 10⅜ 90	100	91⅜	91⅞	+0⅛	+0½	12.32
Citicorp O/S 11¾ 90	100	98⅛	98⅝	+0¼	+0½	12.00
Cred Suisse BAH 10½ 90	150	98⅜	99¼	+0⅛	+0⅝	10.71
Den Norsk Cred 11¼ 93	50	92⅝	93⅛	+0⅛	+0⅝	12.58
Denmark Kingdom 12¼ 93	100	97¼	97¾	+0¼	+0⅝	12.70
E.C.S.C. 11⅞ 90	75	99⅛	99⅝	+0⅛	+0⅝	11.98
E.D.F. 11⅛ 93	100	93	93½	+0⅝	+1⅜	12.36
E.E.C. 11 87	350	98⅜	98⅞	+0⅛	+0¾	11.26
E.E.C. 12 93	50	99	99½	+0¼	+0⅝	12.13
E.I.B. 10⅜ 93	200	91¼	91¾	–0⅛	+0⅝	12.30
E.I.B. 11 91	125	94⅞	95⅜	+0⅛	+0¾	12.03
E.I.B. 11½ 90	200	97¼	97¾	+0⅛	+0½	12.04
Exportfinans 11½ 90	100	96½	97	+0¼	+0⅝	12.21
Electrolux 10½ 90	50	93	93½	+0¼	+0⅝	12.04
Fuji Int Fin 10⅞ 90	*100*	93⅜	93⅞	+0¼	+0¾	12.35
GMAC O/S Fin 11⅜ 90	100	100⅛	100⅝	–0¼	–0⅛	11.27
Honeywell Int 10¾ 90	100	96⅛	96⅝	0	+0¼	11.57
IC Indust Fin 11⅞ 90	75	96½	97	0	+0½	12.36
Indust Bk Japan 11⅞ 91	100	99	99½	+0¼	+0⅝	12.01
ITT Finance 11½ 89 WW	125	99⅝	100⅛	+0⅛	+0⅝	11.52
Japan Air Lines 10⅞ 90	42	91¾	92¼	+0¼	+0½	12.06
Japan Air Lines 11 93	75	94¾	95¼	+0½	+1⅛	11.88
J.C. Penney 11⅞ 90	100	101⅛	101⅝	+0⅛	+0¼	11.55
J. P. Morgan 11⅜ 90 WW	150	98	98½	+0¼	+0¾	11.74
Levi Strauss Int 11 90	75	96⅞	97⅜	+0⅛	+0⅝	11.68
L.T.C.B. 10¾ 90	100	93⅛	93⅝	+0¼	+0½	12.27
L.T.C.B. 12½ 90	85	101⅝	102⅛	+0⅜	+0⅝	12.05
Merrill Lynch 10⅝ 90	200	94¾	95¼	+0¼	+0⅝	11.76
Mitsubishi Fin 11⅜ 90	100	95¾	96¼	+0⅜	+1	12.27
Nippon Credit 11 90	100	93¾	94¼	+0⅛	+0½	12.39
Nippon Credit 11⅞ 90	100	97⅜	97⅞	+0¼	+0½	12.38
Ontario Hydro *10¼ 90*	250	94	94½	0	+0½	11.55
Ontario Hydro 11¾ 90	200	101	101½	+0⅛	+0½	11.45
Pacific Gas & Elec 12 91	75	102½	103	+0⅛	+0½	11.42
P.K. Banken 12 90 WW	75	96⅝	97⅛	+0⅛	+0⅜	12.88
Prudential 10⅛ 93 WW	150	93⅜	93⅞	–1⅛	–0⅝	11.22
Prudential 10⅛ 93 XW	150	90⅜	90⅞	0	+0½	11.77
Quebec Hydro 11½ 92	100†	97⅝	98⅛	0	+0¼	11.80
Sears O/S Fin 11½ 88	125	101⅝	102⅛	+0⅛	–0¼	10.97
Sears O/S Fin 11⅝ 93	150	98⅛	98⅝	+0⅛	–0¼	11.85
Sth Cal Edison 10½ 90	75	95¾	96¼	0	+0⅝	11.39
Sumitomo Fin 10⅞ 90	*100*	93⅜	93⅞	+0¼	+0⅝	12.34
Texaco Capital 10½ 93	200	94¾	95¼	0	+0¼	11.36
U.B.S. 10 88	100	97⅞	98⅜	0	+0⅜	10.53
World Bank 11¼ 88	100	99⅞	100⅜	+0⅛	+0⅝	11.17
World Bank 11¼ 90	200	96⅜	96⅞	0	+0⅝	11.98
World Bank 11½ 90	150	98	98½	+0¼	+0¾	11.86
World Bank 12 93	200	100	100½	+0¼	+0⅝	11.93

Av. price changes: on day –⅛, on week –½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	97⅛	97⅝	0	–0½	8.72
A.N.A.S. 8½ 91	150	98	98½	0	–0⅛	8.85
Arab Banking Corp 8 88	100	96½	97	+0⅛	+0⅛	8.86
Asian Dev Bk 8½ 93	200	100	100½	+0⅛	–0⅛	8.45
Austria, Rep 7⅝ 89	100	100⅜	100¾	–0⅜	–0¼	7.47
Avon Int Fin 7½ 93	100	101	101½	0	0	7.30
Barclays O/S 8⅛ 98	250	99⅞	99⅝	0	+0⅛	8.23
Beatrice Foods 7⅝ 93	130	102⅜	102⅞	–0⅛	–0⅝	7.34
E.C.S.C. 8 90	100	99⅞	100⅝	–0⅛	–0¾	7.93
E.I.B. 8 93	200	98⅝	98⅞	–0⅛	–0¼	8.16
Eurofima 7½ 90	100	101¾	102½	+0¾	+0⅞	7.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev Bank 7½ 90	100	100⅜	101⅛	0	+0½	7.34
L.T.C.B. 8 90	100	100⅝	101⅛	–0¼	–0⅜	7.81
Mogal Fin 8¼ 94	*150*	97⅛	97⅝	+0⅞	+0⅛	8.65
Sth Africa Rep 8½ 91	200	98⅝	99⅛	0	0	8.70
S.N.C.F. 8⅛ 93	100	99⅞	101¼	+0¼	–0½	8.05
VEBA Int Fin 4 93 WW	300	117½	118½	+0⅛	+5¼	2.02
VEBA Int Fin 4 93 XW	300	74¾	75¼	–0⅛	+0⅜	7.68
World Bank 7⅞ 89	300	99⅞	100⅜	0	+0⅛	7.80
World Bank 8 93	300	98¾	99	–0⅛	–0⅛	8.17

Av. price changes: on day 0, on week –⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7¼ 91	57	76¾	77	–0½	–2½	11.94
Bank of Tokyo 6 91	100†	102½	103	+0⅜	–0⅝	5.54
Denmark 6⅞ 91	100	103½	103¾	+0½	–0½	5.76
E.E.C. 6 93	100	101½	101¾	–0⅜	0	5.77
Elec Power Dev 5⅝ 93	100	100½	100¾	0	0	5.54
Europarat 6⅛ 93	100	99½	99¾	+0⅛	+1	6.17
Ind Fund Fin 6¼ 91	40†	101¾	102	0	+0⅜	5.93
Int-Am Dev Bk 6 93	100	100	100¼	0	+1¼	6.00
Ireland 6½ 93	80	100¼	100½	0	+0¼	6.44
Japan Dev Bank 5⅞ 93	100	103¼	103½	–0½	+1½	5.41
Jap Highway Pub 5⅝ 91	100	101¾	102	+0⅛	+1½	5.32
Kansai Ele Power 6 91	100†	102¼	102¾	+0⅛	0	5.57
Manitoba Prov 5½ 93	100	102	102¼	–0¼	+0½	5.21
Mont Blanc Tunl 6⅜ 93	35	102¾	103	0	0	5.97
Mount Isa Finance 6 93	100	103	103¼	–0½	+1	5.56
MTG Bk Denmark 6¼ 91	80	102¼	102½	0	+1⅛	5.86
New Brunswick 5¾ 93	100	103½	103¾	+0½	+0½	5.26
Nippon Tel & Tel 5⅞ 93	100	103½	103¾	0	+1¼	5.27
Nisshin Steel 6⅛ 91	100	102	102¼	0	–0⅜	5.80
Osterr Post 6⅛ 91	*100*	102½	103	–0⅜	–1	5.57
Quebec Province 5⅝ 93	100	101	101¼	+0¼	+0⅜	5.47
Shikoku Elec Power 6 91	100	103	103¼	+0⅛	–0¼	5.50
Soc Lux Cent 5¾ 93	100	100	100¼	0	0	5.73
Sumitomo Heavy Ind 6 91	100	102	102¼	–0½	–1	5.65
Tokyo Elec Power 5⅞ 91	100	103	103¼	0	0	5.38
Trizec Corp 6⅛ 93	100	101⅝	101⅞	–0⅛	–0⅛	5.88

Av. price changes: on day 0, on week –¼

YEN STRAIGHTS	Issued	*Bid*	*Offer*	Change on day	Change on week	Yield
Australia 8⅝ 92	15	*106¾*	*107½*	0	+0⅜	7.48
E.I.B. 8¼ 92	15	103¾	104¼	0	+0⅛	7.62
Int Am Dev Bk 7⅞ 93	15	101	101¾	+0⅛	+0¾	7.67
New Zealand 7⅝ 89	15	103⅝	104⅛	+0⅛	+0⅜	6.74
World Bank 7⅝ 93	20	101⅜	[illegible]	+0⅜	+0⅜	7.37

Av. price changes: on day –⅛, on week –½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125	97¾	98¼	–0⅛	–0⅛	12.35
E.I.B. 12⅛ 91 C$	60†	97⅜	97⅞	+0⅛	+0¼	12.60
Loblaw 12½ 90 C$	35†	97⅞	98⅜	0	+0⅛	12.91
Montreal City of 12 90 C$	50†	97⅜	98⅛	+0⅛	+0⅛	12.44
Quebec Hydro 12¾ 93 C$	50†	102	102½	0	+0½	12.31
Royal Trusco 12⅝ 88 C$	50†	101⅛	101¾	0	0	12.17
World Bank 12¼ 90 C$	75†	100⅛	100⅝	0	+0⅛	12.11
E.E.C. 11 93 ECU	50	102¼	103¼	+0⅛	+0⅜	10.53
Genfinance 11 90 ECU	70	99½	100½	–0¼	+0¼	11.00
Algemene Bank 8¾ 88 Fl	150	103½	103⅞	0	–0⅛	7.83
Amro Bank 8¾ 88 Fl	100	103¾	104¼	+0⅜	+0⅞	7.73
Bank Mees & Hope 9 88 Fl	75	104	104½	+0⅛	+0⅛	7.86
Ned Middenstandbk 9 88 Fl	100	104	104½	0	0	7.89
Rabobank 9 88 Fl	100	104¼	104¾	+0⅛	+0⅛	7.86
World Bank 9 88 Fl	100	103½	103⅞	0	+0⅛	8.05
O.K.B. 14 86 FF	400	101	102	0	0	13.09
Solvay & Cie 14⅜ 86 FF	200	102¼	103¼	0	0	13.21
B.F.C.E. 11½ 88 £	50	99½	100	+0⅛	+0⅜	11.53
British Oxyg 11¾ 91 £	50	100⅝	101⅛	+0⅛	+0⅛	11.56
CEPME 11⅛ 95 £	35	104⅜	105⅜	+0⅛	+0⅜	10.48
CIBA Geigy Int 6¾ 93 £	25	101½	102½	0	+1	6.40
Commerzbank 11½ 90 £	25	97⅞	98⅜	+0⅛	+0⅛	11.99
E.E.C. 11⅞ 91 £	50	101	101¾	+0¼	+0⅜	11.57
E.E.C. 11⅞ 93 £	50	101¼	101¾	+0⅛	+0¼	11.58
Fin For Ind 10½ 90 £	20	95¼	95¾	+0⅛	+0⅛	11.54
Finland Rep 11⅞ 88 £	50	100⅞	101⅜	0	+0⅛	11.48
Gen Elec Co 12½ 89 £	50	104	105	+0⅛	+0⅜	11.28
I.I.I. 10⅝ 93 £	25	95¼	95¾	+0¼	+0¼	11.52
I.I.I. 11½ 91 WW £	50†	99⅜	100⅜	0	+0¼	11.44
Norsk Hydro 12 90 £	30	101	101¾	+0⅛	+0¼	11.66
Sweden 11¼ 93 £	50	98⅛	98⅝	0	0	11.48
Swed Exp Cred 11⅛ 88 £	30	99¼	99¾	+0¼	+0⅜	11.35
World Bank 11⅛ 88 £	100	99¼	99¾	+0⅛	+0⅜	11.23
Eurofima 10 91 LuxFr	600	99¾	100¾	0	+0⅛	10.01
Europarat 10¾ 93 LuxFr	600	100⅜	101¾	+0⅛	+0⅛	10.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95 $	0⅛	98¼	98½	8/6	10.31	10.48
Banco di Roma 5¼ 90	0¼	100	100¼	7/6	10½	10.48
Belgium 5 2004	0⅛	98⅛	98⅝	9/1	5	6.04
Bk of New Yk 5¼ 96 $	0⅛	99¼	99½	12/1	5¼	5.28
C.C.F. 5¼ 95	0¼	99¾	100	7/4	9.94	9.95
C.C.F. 5¼ 98 $	0⅛	100	100¼	24/3	10.10	10.17
CEPME 5¼ 88 WW †	0⅛	100⅛	100⅜	3/3	10.31	10.29
C.N.C.A. 5¼ 95 XW	*0¼*	99⅞	100⅛	7/6	10½	10.50
C.N.T. 5¼ 91	0¼	99¾	100	6/5	10.19	10.20
Credit Foncier 5¼ 93	0⅛	99¾	100	6/4	10	10.01
Denmark 5⅛ 90 $	3/16	99⅝	99⅞	13/4	10	10.03
Dresdner Fin 5¼ 93 XW $	0¼	100	100¼	10/4	9.94	9.93
EAB Fin 5 93 $	0¼	100	100¼	20/5	10.68	10.67
E.D.F. 5¼ 95 XW	0¼	100	100¼	10/2	11⅜	11.36
E.E.C. 5 90	0⅛	100	100⅛	5/7	10⅜	10.36
Ext Int 5⅛ 96	0¼	98⅛	98⅝	21/6	10.81	11.01
Fst Interstate 5⅛ 95 $	0⅛	99¼	99½	8/3	9.94	10.00
Fuji Int'l 5⅛ 96 $	*0⅛*	99⅝	99⅞	12/1	5¼	5.28
GZB 5¼ 98	0⅛	99⅝	99⅞	29/5	10.10	10.21
Hispano 5⅛ 95	0¼	99⅛	99⅜	20/4	10	10.10
Nat Bk Canada 5⅛ 91 $	*0⅛†*	98½	99⅛	5/7	10.44	10.54
Saitama Int 5¼ 93	0⅛	99⅞	100⅛	5/6	10.10	10.19
Soc Generale 5¼ 90 XW	0¼	99¾	100	9/5	10.31	10.33
Sweden 5¼ 2003 $	0¼	99⅝	99⅞	17/5	10.19	10.21

Av. price changes: on day –⅛, on week –⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4¼ 95	2/84†	108	98¼	99¾	–0⅛	–3.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5¼ 98	6/83	884	128⅞	130⅝	–2⅜	2.89
Honda Motor 5½ 97	3/83	759.6	145½	147	–3⅝	–0.71
Konishiroku Photo 4 98	10/83	673	102¼	103¼	–0⅝	5.96
Kyowa Hakko 6¼ 97	2/83	762	119	120½	–1	10.52
Minebea Co Ltd. 5½ 98	5/83	667	111¼	112½	–1⅛	–0.76
Mitsubishi Electric 5⅛ 98	6/83	398	110⅜	112⅛	–1⅞	3.77
Mitsubishi Heavy 4¾ 99	1/84	253	105⅝	106⅝	–2	–0.39
Nippon Electric 5⅛ 97	2/82	705.8	107¼	108¼	+0¼	0.36
Nippon Oil Co 5½ 98	4/83	964	113⅞	114⅝	–1½	7.49
Nissan Motor 5¾ 98	4/83	700	109⅝	110⅝	–1⅛	6.35
Olympus Optical 6¾ 97	12/82	1157	112⅜	113⅞	–0½	9.50
Orient Leasing 5¼ 98	6/83	2680	102⅛	103⅛	–1⅛	–0.03
Secom 5 98	11/83	2820	154½	156	–1⅛	–1.85
Yamaichi Sec Co 5 98	8/83	445.5	105⅛	106⅝	+0½	–3.77
Yamanouchi Pharm'cal 4 90	10/83	1088	103¼	104½	0	20.80
Bridge Oil 4⅜ 93 SF	3/84†	3.43	110¼	112¼	0	21.42
Toshiba 2⅜ 94 SF	1/84†	391	114⅜	115⅝	–0½	3.47
Asics 5 92 DM	12/83	520	119½	120½	–0⅛	5.28
Konishiroku 6⅜ 88 DM	6/82	616	125	126¼	–0½	–2.65
Sem Realty 6¼ 92 DM	2/83	366	139⅝	140⅝	0	–4.45

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week – Change over price a week earlier.*

Floating Rate Notes: Denominated in dollars unless otherwise indicated. *Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread* – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel	§9 %
Henry Ansbacher	9 %	C. Hoare & Co.	†9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered	‖9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings	¶10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank	*9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 5.5%, 1-month 8%. Fixed rate 12 months £2,500 8%; £5,000 12 months 8.5%.

† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6⅛%, £50,000 and over 7⅛%.

‡ Call deposits £1,000 and over 5½%.

‖ 21-day deposits over £1,000 6¼%.

§ Demand deposits 5½%.

¶ Mortgage base rate.

SECTION IV

FINANCIAL TIMES SURVEY

Regional Development

Two aims dominate the Government's tighter approach to regional policy: greater emphasis on selectivity and ensuring assistance is much more cost-effective. The result will be lower total spending on aid which, in future, will be more closely allied to job-creation and the encouragement of small firms

REGIONAL REDUNDANCY RATES
(in manufacturing 1977-82)
Confirmed redundancies per 1,000 employees

Region	1977	1978	1979	1980	1981	1982	Average 1977-79	Average 1980-82
South East	8.1	8.9	10.0	28.8	45.4	28.4	9.0	34.2
East Anglia	9.4	18.1	11.2	31.5	52.8	28.5	12.9	37.6
South West	12.1	11.9	14.4	47.8	55.1	50.9	12.8	51.3
West Midlands	4.7	8.9	18.2	67.8	61.8	42.0	10.6	57.2
East Midlands	6.7	7.8	11.2	63.0	51.5	45.8	8.6	53.4
Yorkshire and Humberside	14.8	16.6	21.2	66.9	90.1	67.7	17.5	74.9
North West	19.0	27.9	29.5	79.5	85.9	65.9	25.5	77.1
North	23.7	32.1	28.1	70.3	85.2	73.7	28.6	76.4
Wales	22.6	42.9	23.9	126.3	110.4	76.0	29.8	104.2
Scotland	33.3	23.7	44.5	81.4	81.7	69.3	33.8	77.5
Britain	13.9	16.8	20.0	59.9	66.6	49.8	16.9	58.8

Figures for 1981 and 1982 are not fully comparable with those for earlier years because of improvements in the method of data collection. Source: Employment Gazette, June 1983.

REGIONAL INDUSTRIAL ASSISTANCE
Great Britain: Outturn Prices £m

	77-78	78-79	79-80	80-81	81-82	82-83
1. Regional development grants	393	417	331*	491	617	690*
2. Regional selective assistance	44	104	78	74	76	90
3. Land and factories	52	85	110	141	161	137
Total	489	606	519	706	854	917

ESTIMATED ASSISTANCE 1983-84
(£m)

	England	Scotland	Wales	Great Britain
1. Regional development grants	n/a	n/a	n/a	440
2. Regional selective assistance	53	29	16	98
3. Land and factories	26	49	30	105
Total	—	—	—	643

* From June 12 1979 to November 9 1982 there was a four-month deferment of payment of grant on approved applications—this reduced the 1979-80 figure by about £110m and raised the 1982-83 figure by up to £150m.

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More emphasis on selectivity

By ANTHONY MORETON
Regional Affairs Editor

THE GOVERNMENT has just completed what it likes to see as the most fundamental re-assessment of regional policy undertaken since 1945. Given its strength in the Commons it has outlined a policy which will last the life of this parliament and which, in some other respects—especially the greater emphasis on selectivity—will dictate the approach to regional policy through into the 1990s.

Yet, it has produced a policy with ample signposts but insufficient directions. The Government has made it clear where it is going but has asked for comments on how to get there. A lot of groundwork and a lot of consultation will be necessary before the final framework emerges.

That will not be until the autumn. The Government has asked for the comments to arrive by the end of May. Concurrently, it will introduce legislation in the Commons very soon in the hope that it can get a Bill through all stages and onto the statute book in this session.

This means it will incorporate those comments it finds acceptable into the legislation as it goes through parliament.

The aims of the policy—the signposts—presented by Mr Norman Tebbit, Secretary for Trade and Industry, are that regional policy should concentrate resources much more closely on need. By doing this, Mr Tebbit hopes to get a much more cost-effective system, with greater emphasis on job creation and less discrimination against service industries.

Geared to jobs

This will be achieved by introducing a greater element of selectivity. The Government, as well as most outsiders, has been concerned over what has become known as the catalytic-cracker syndrome—the spending of, say, £300m on a capital-intensive piece of equipment (in the case of catalytic crackers, for the oil industry) which produces relatively few jobs. Few, that is, in relation to the outlay.

In future, regional aid will be given to projects in a way that is much more closely geared to the number of jobs created. However, it is not at all clear to what exent it will move in this direction.

The signals clearly indicate a much greater role for selectivity but after the presentation of the Government's White Paper in the middle of last month officials were at some pains to point out that the present automatic grants would continue to be the most important section of regional aid. So how far will selectivity go?

In addition, the Government wants to encourage more local initative in order that the present assisted areas will be stimulated by self-growth. One of these areas' main complaints is that too few innovative concerns find their way to them with the result they suffer from another syndrome—the branch-plant syndrome—by which peripheral activities of companies with head offices situated elsewhere (usually the south of England) are the first to be closed when times are bad.

The re-think on policy has had one further aim: to bring British policy more closely into line with that laid down by the European Commission. The White Paper therefore states the Government will honour from the end of this year the commitment made to Brussels that regional grants for replacing capital and buildings will be ended.

The present regional policy largely derives from the 1972 Industry Act introduced by the Heath Government. This divided the country into assisted and non-assisted areas, with the assisted section, which covered about 47 per cent of the working population, divided three ways into special development areas, development areas and intermediate areas.

Northern Ireland was treated as a special case and given aid higher than that available in the rest of Britain.

The rates of grant have changed since 1972, principally following the rolling back of the regional map which Sir Keith Joseph, then Secretary for Industry, undertook immediately on the Conservatives assuming office in 1979. Under his scheme, the one now operating, special development areas receive 22 per cent automatic grants towards the cost of both new buildings and plant and replacing them, while development areas have 15 per cent grants for both categories.

Intermediate areas get no automatic grants but are eligible for some selective assistance and all three tiers are eligible for European assistance.

Map rolled back

Sir Keith, in rolling back the map, took a lot of assisted areas out of the network, reducing the proportion of the population covered to 27 per cent, and also introduced stiffer qualifications before aid could be given. Applicants had to show they would not go ahead with a project without assistance, whereas previously all they had to demonstrate was that they were undertaking a project.

In a sense Mr Tebbit is continuing the tightening introduced by Sir Keith. He has said he might reduce the three-tier system to two, and has hinted that the rates of grant could be reduced. He is open to argument on innovation, welcoming views on whether special measures should be taken in the assisted areas to encourage it, particularly by local concerns.

There might be, he suggests, criteria for, or increased promotion of, existing schemes that are available throughout the country.

Service industries will certainly be encouraged. Along with the changes on selectivity this will be widely welcomed as it is an anomaly that service industries can only be helped when they happen to be in assisted areas. Thus an hotel development could be aided in Hartlepool but not in Harrogate.

The Tebbit intention is to aid projects rather than premises, encouraging new capacity and especially innovative capacity. He intends do all this while cutting overall spending, which this year is expected to fall anyway to £643m from a peak of £917m in 1982-83.

If spending on land and factories is taken out of these figures, which gives a rather truer picture of regional aid, spending this year on development grants (automatic) and selective assistance is down to £538m against £780m in 1982-83.

This year's aid figure is the lowest for automatic and selective grants since 1978-79, when they totalled (at outturn prices) £521m. Given the rate of inflation since then it is clear there has been a big cut in regional spending in real terms and if it is to be cut again the question has to be asked whether the Government sees any major role now for a regional policy.

The Government's answer is a qualified "yes." The White Paper puts on record that "regional industrial incentives still have an important role to play in influencing the location of new economic development." But it also believes that, although an economic case for regional industrial policy may still be made, "it is not self-evident."

The Government believes that the case for continuing the policy is now principally a social one, primarily with the aim of reducing regional imbalances in employment opportunities.

It is also instructive that the White Paper is called Regional Industrial Development. There are many references in it to regional industrial development but none to regional policy.

That there was a case for change is undeniable, and was accepted by most commentators. Much regional spending in the past decade has been merely a transfer of resources from one part of the country to another with insuffigient attention being devoted to indigenous growth or local innovation. But the Government itself is partly to blame for creating this condition—for example, through enterprise zones which appear to have done little for their areas other than to encourage businesses to move short distances to benefit from a 10-year rates holiday.

If the change of policy now outlined in the White Paper is to work there is a feeling it will need rather more commitment to it than is being shown at the moment. Whether this commitment comes will only be known when the Bill is published and from ministerial reaction to the debate both in the Commons and in the country.

Mr Tebbit has adopted a course which could help reduce the imbalances between the rich and the less-well-off areas. But it is not yet apparent that reducing the gap will be brought about by a minister or a government which is devoted to withdrawing itself from general economic activity.

The depressed regions of the 1930s, when regional policy in Britain was born, are still the economically and socially-deprived parts of Britain today. There is a wide gap between Cambuslang and Calne, between Bootle and Bury St Edmunds.

Regional policy may never eliminate those gaps but it should at the very minimum attempt to reduce them.

REGIONAL DEVELOPMENT II

Little progress in reducing regional imbalances

EEC policy

JOHN WYLES

THE POPULAR myth surrounding the European Community is that it is working gradually towards the attainment of a sort of supranational ideal. Member governments are steadily supposed to be transferring more of their powers and functions to Community institutions with powers to define and express the "European" interest.

In practice, it is very hard to discern any such development. The growth of new Community policies based on common laws and common funding has been virtually halted by governments which, by and large, are finding the extension of Community activities too problematic, politically difficult and financially expensive to contemplate.

If this view seems unduly cynical, the history of the European Regional Development Fund offers an interesting case study. It was founded in 1975 for idealistic and pragamatic reasons.

By then, the goal of economic and monetary union by 1980 had been all but formally abandoned, but it was recognised that the successful functioning of the Common Market depended on a greater degree of economic convergence.

It seemed, therefore, necessary for the Community to make its own distinctive contribution towards closing the gap between its richer and poorer regions.

The more pragmatic justification was the enlargement of the EEC which had taken place in 1973 with the membership of Britain, Ireland and Denmark. *One of the main problems* associated with British membership had already been identified: that there would be a significant imbalance between Britain's payments to and receipts from the Community budget. This was because Britain's farm sector was too small to draw financial benefits from the Common Agricultural Policy proportionately sufficient to offset its transfers to Brussels.

Since the UK did not lack for backward regions, the creation of the ERDF became a means of channelling more EEC funds to the UK.

In its original state, however, the regional development policy was barely a Community policy because it was not equipped to serve Community as opposed to national objectives. The monies allocated have risen to around 8 per cent of the total EEC budget but are less than 5 per cent of total regional spending in member states.

The distribution according to national quotas ensured that resources were too widely scattered to be capable of promoting convergence.

The projects to which resources were allocated were subject to the control of national governments and were therefore subordinate to domestic political exigencies and priorities.

Funds have been spent in areas designated by member governments for regional development and the Commission's role has been limited largely to that of project authorisation; disbursing money and monitoring its use for the purposes stated. Through time, however, the Commission has been able to use the ERDF as a lever for more effective co-ordination between national regional policies.

No clear idea

After eight years, Commission officials will concede that they have no clear idea of any specific achievements to be credited to Community regional policies. With Community financial participation limited to 20 per cent for job creating projects in industry and services and to 50 per cent in infrastructure improvements, there are no individual developments which can be cited as owing their existence to the ERDF.

Conscious from the very start that the ERDF was seriously flawed as a common policy, the Commission sought to reshape it on the basis of new regulations in 1981. It had some success in this direction in 1979 when it persuaded member states to accept that 5 per cent of the ERDF should be devoted to a non-quota section.

This sought a broader and more flexible approach based on combining projects into integrated programmes for reviving areas which would be affected either by the next enlargement of the EEC or which were suffering from the effects of the run-down or declining industries such as steel, textiles and shipbuilding.

By concentrating aid on very specific areas and on helping small and medium-sized businesses, the Commission hoped to stimulate the local entrepreneurial potential for economic development.

In October 1981, the Commission sought to build on this approach with proposals for a radical revision of the ERDF which would expand the non-quota section to 20 per cent of total spending and do away with *national quotas altogether.* Instead, it wanted quotas to be distributed among regions—the whole of the Republic of Ireland, Northern Ireland and parts of Scotland, Wales and the north and north-west of England, the Mezzogiorno, the whole of Greece except Athens and Thessaloniki, Greenland and the French overseas departments.

This, the Commission believed would achieve the necessary concentration to make Community regional spending more effective. It also sought to expand its own influence on national regional policies by proposing that programme contracts be concluded between it and the member states.

The Commission argued that this would make for more consistency, co-ordination and the greater involvement of regional *authorities.*

Two years of fruitless negotiations have followed. Member states have resisted the abolition of national quotas and are reluctant to concede a greater role to the Commission over regional policy-making.

In November, the Commission acknowledged that it was not going to get anywhere on the basis of its original proposals and so it substantially revised them. While insisting that the long-term aim remained

ALLOCATION OF REGIONAL FUNDS

	Current quota	Proposed Lower Limit %	Proposed Upper Limit %
Belgium	1.11	0.85	1.20
Denmark	1.06	0.51	1.14
Germany	4.65	3.55	4.81
Greece	13.00	11.05	15.60
France	13.64	10.44	14.74
Ireland	5.94	5.05	7.13
Italy	35.49	30.17	42.59
Luxembourg	0.07	0.06	0.08
Netherlands	1.24	0.95	1.34
UK	23.80	20.23	28.56

	Summary of Fund Investment Projects	Aid decision Studies	1975-82 Total non-quota	EOU Total (m)
Belgium	70.93	—	0.98	71.91
Denmark	80.03	2.60	—	82.62
Germany	386.62	—	—	386.62
Greece	473.15	0.19	—	473.34
France	1,135.96	—	28.23	1,164.19
Ireland	452.64	0.79	3.22	456.65
Italy	2,747.27	7.81	21.16	2,776.25
Lux'bourg	7.12	—	—	7.12
Neth'land	93.64	—	—	93.64
UK	1,734.53	0.37	19.74	1,754.64
Eur 10	7,186.83	11.76	73.33	7,271.93

the abolition of the national quota system, it suggested retaining them for the time being as more flexible "indicative quotas." These set a lower and upper limit governing a member state's share of the ERDF over a five-year period.

By this means, the Commission hopes to retain as much flexibility as possible over allocation of resources and, in particular, to expand a de facto non-quota section. This part of the fund's activities would be devoted to "Community programmes" which are "a co-ordinated series of multiannual measures directly serving Community objectives and the implementation of Community policies."

The initiative for undertaking a Community programme would rest with the Commission. Member states, meanwhile, would retain the initiative for "national programmes of Community interest" which would benefit areas designated as assisted areas for national regional aid schemes.

The Commission wants Community programmes to count for "at least" 10 per cent of the ERDF's activities at the end of the second year of revised operations, 20 per cent at the end of the third year and 40 per cent at the end of the fourth year.

Skilfully drafted

It can be seen that the Commission's revised proposal is a skilfully drafted attempt to attain its original objectives by other means. Programme instead of project financing is retained as is the opportunity to alter the balance in spending away from supporting national regional development activities towards more integrated, flexible economic recovery programmes identified by the Commission itself.

Will member states embrace this revised approach? The retention of the concept of national quotas should make it easier for them to do so but their objections to expanding the Commission's autonomy may well remain. France and West Germany, in particular, will continue to regard the ERDF with suspicion as a mechanism for making budgetary transfers which have little impact on economic development.

It seems most likely that the revision of the ERDF will not be completed until the Ten have settled the internal agricultural and budgetary reforms over which the recent summit in *Athens so spectacularly* foundered.

If in this context, national governments win greater control over total Community spending at the expense of the Commission and of the European Parliament's powers to add to non-farm spending, then France and West Germany may take a more benign view of the Commission's proposals.

Nothing, however, should be taken for granted. Whatever, the detailed outcome, any growth in the allocation of funds to the ERDF looks likely to be subject to firmer controls. As a result, its potential impact on regional imbalances seems likely to remain limited.

Manx initiative helps to set ball rolling in Britain

Freeports

ANTHONY MORETON

TWO MONTHS ago the Isle of Man pre-empted the UK and launched a freeport, a step it could take because as a crown dependency its internal affairs are not subject to the rule of Whitehall.

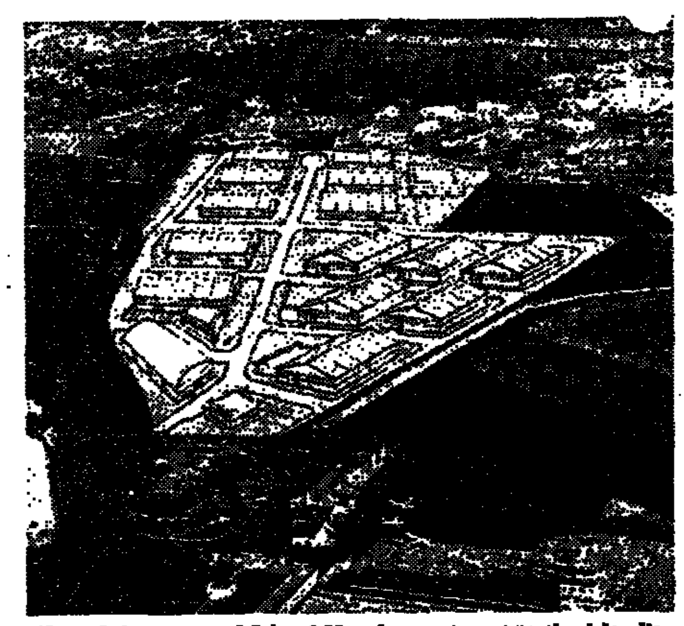
Some 45 authorities around Britain have been watching the development of the Manx freeport, situated on the perimeter of Ronaldsway airport, with some envy. The 45 are the authorities which have applied to the Government for permission to set up freeports in mainland Britain.

The Government is expected to announce in the next fortnight or so which of those applicants have been successful and it has been under pressure from a number of bodies, especially the Institute of Directors, to nominate a large rather than a small number of ports.

The problem, for the Government, is that it has never been very keen on the idea of freeports as an arm of economic policy despite their proliferation *around the rest of the* world.

There are thought to be 350 of them outside the UK, though this is a figure put out by proponents and is impossible to prove. They are also claimed to be important sources of job creation, an undeniable fact since some of the freeports have large employment rolls: 120,000 in two zones in South Korea, for example, and 20,000 in Hamburg.

The Government's original view, expressed in October 1982, was that it "remained unconvinced that (they) would offer traders tangible advantages *which were not available under* existing circumstances." A few



Plan of the proposed Isle of Man freeport next to the island's Ronaldsway airport near the capital, Douglas

weeks later, the Government had eaten its words, under pressure from MPs, and set up a feasibility report which accepted the introduction of a small number.

Among the 45 which have applied in the UK are Swansea, Prestwick Airport, Felixstowe, Immingham, Hull, Southampton, Aberdeen, the Port of London Authority, Dartford, East Midlands Airport and Glasgow.

The indications are that one seaport, one airport and one inland centre will be chosen, since the concept of a freeport is seen in government as an experiment and this would be the best control group.

However, there could be a second port included and the Institute of Directors has stated that if the list has to be kept short six or so sites rather than the three being mooted would make more sense.

Among the sites, Southampton must be considered a favoured candidate, along with Felixstowe and Prestwick Airport, strong support for which was expressed by an all-party group of Scottish MPs in an official report.

Each of the applicants has taken its own route in preparing a submission, some largely conceived by local authorities, others with a primarily private content. Among the latter, Southampton has concentrated exclusively on private sources.

Its bid has been put together by Associated British Ports, in which the Government still has a substantial minority stake, in conjunction with Trafalgar House and McGregor Cory (part of Ocean Transport and Trading), with Kleinwort Benson putting up a small stake.

Associated British Ports, which controls 19 ports around the country (including Hull and Swansea, where the local authority has put forward submissions), decided to concentrate its one bid on Southampton.

"We did this," says Mr Keith Stuart, its chairman, "because it would be irresponsible to promote large numbers of our ports. Southampton is overwhelmingly the strongest, not only of our ports but of all of them in the UK and it was the logical choice."

There are some 1,200 acres of land in Southampton along the waterfront available for development but ABP is concentrating its first promotion on the Western Docks where 81 acres could be adapted with very little capital spending since they already have waterside sheds. "A start could be made here very quickly," Mr Stuart says.

Southampton's attractions are undeniable: all the UK's trade with southern Africa passes through it and nearly all the country's trade with the Far East passes through it and Felixstowe, which gives that port important leverage.

Felixstowe has set aside 66 acres in a submission jointly between the port authority and Trinity College, Cambridge, which owns much of the land. Unlike Southampton, Felixstowe is placing considerable emphasis on the ability of the freeport to generate jobs; it believes more than 2,000 could be provided over the next few years if it is chosen.

It is too early to gain any impression from the Isle of Man about the likely success or failure of freeports in the UK because the Manx authorities are still marketing their scheme, which is being developed in conjunction with Rush and Tompkins.

Once the announcement has been made of the British sites, though, the race will be on to entice companies to take advantage of trading without the usual restraints put on business.

REGIONAL DEVELOPMENT III

New life in the docks

London docklands

MICHAEL CASSELL

SINCE it was set up in July 1981, the London Docklands Development Corporation has found itself not only at the centre of the most ambitious urban regeneration plan ever undertaken in the UK but also at the heart of continuing controversy.

Established by Order of the Secretary of State for the Environment under the 1980 Local Government, Planning and Land Act, the LDDC represented a major Government initiative aimed at ending a continuing political and planning stalemate and bringing new life to an area which, in the words of Mr Nigel Broackes, the Corporation's first chairman, had been "tarnished by years of pervasive economic decline."

From the outset, however, the politics which had beset previous attempts to co-ordinate the revival of 8 sq miles of former docks became even more apparent.

The LDDC was given wide-sweeping powers to pursue its objectives and its supremacy over the local authorities in docklands and the Greater London Council ensured that its relationships with them would prove delicate.

The Corporation, after two and a half years, can claim to have established a working relationship with some of the local councils involved, although in the case of Southwark Council and the GLC itself, hostility and criticism sometimes appear to be the only common ground.

Relationships between the GLC and the LDDC reached a new low in late 1983, with the publication of a GLC report into the Corporation's progress. In a predictable indictment of LDDC activities, the GLC accused it of steamrollering through a catalogue of speculative schemes which had little relevance to the people of the area, of pre-empting the local planning processes, cutting consultation periods to the bone and holding crucial meetings in private.

In the words of the report: "The essence of the case is that the LDDC appears to act unduly autocratically and without paying due regard to existing plans and local needs.

Wide choice

"The breadth of the powers given to the LDDC enable it to have a wide choice of ways in which it operates; the need is for the Corporation to consider modifications in its attitudes and local relationships, in order to satisfy local needs as well as government objectives."

Equally predictably, the LDDC hit back and left Mr Bob Mellish, LDDC vice-chairman, to describe the report as "utter nonsense" which represented "an emotional outburst from a discredited and dying body which resents our success"

The Corporation was particularly resentful of the suggestion that it merely paid lip-service to the process of public consultation and itemised, in detail, the elements of the communications network established to ensure that local people are involved in decision making.

While the slanging match between the LDDC and its most vociferous critics carries on, the Corporation has been making significant strides towards its objective.

Mr Broackes says it must now be clear to everyone that the LDDC has already produced a dramatic impact on docklands.

It is a view shared within the Department of the Environment. Mr Patrick Jenkin, Environment Secretary, says the Corporation has made excellent progress, bringing land and buildings into effective use, creating an attractive environment and introducing worthwhile private investment into the area.

A review of some of the Corporation's achievements to date clearly underlines the progress which has been made. On the housing front, where the GLC says the LDDC is failing, over 2,000 homes have so far been completed or are under construction. Seven private housebuilders are working in docklands and, at present, 16 separate sites are being developed.

In the next few months, work is also expected to start on another 18 sites, providing an additional 2,000 homes and involving another dozen housebuilding companies.

The Corporation has an operational plan for the construction of over 14,000 homes over the next five to six years, the vast majority of them in the private sector but at the lower end of the price scale.

Expenditure on the provision of vital infrastructure and land acquisition has, in a short period, helped knit the docklands area together into a single entity, although there is disquiet about those areas over which the LDDC has no control. A typical example is the proposed northern relief road, plans for which have recently been reviewed by the GLC.

The review has brought proposed changes to the crucial relief route which the Corporation believes will create additional traffic problems. It is also convinced that the scheme should be started without delay and not left, as the GLC plans, to the late 1980s.

Progress on other roads is not all so slow, however, and the new route within the Isle of Dogs enterprise zone is already a reality.

The start of construction work on the Docklands Light Railway is awaiting parliamentary approval. The elevated-track system is due to open in early 1987 and will link Tower Hill in the City with the southern end of the Isle of Dogs.

Good progress

It is upon the area's ability to attract private industry and commerce, however, that its future will ultimately depend. Much of the activity has so far been centred on the enterprise zone and progress has been good.

In the Millwall-East India Dock area, the zone's first new speculative, mixed-use development has been completed. Indescon Court provides nearly 90,000 sq ft of floorspace, free from normal use class restrictions by virtue of its enterprise zone location.

Lettings on the development were quickly arranged and rents are pitched between £3 and £3.50 a sq ft, in stark contrast to the much higher levels which exist either in the immediate vicinity or in the City.

A variety of small commercial units are also being developed while, on three sites between West India and Millwall Docks, more business premises are taking shape.

In 1984, a great deal of interest will centre on the future of the 132-acre Southwark site, the chunk of land which has been at the centre of several development proposals, all of which have fallen through.

The LDDC has put forward two similar sets of proposals, both of which would provide a mix of housing, industry, retailing and leisure facilities. Plans include about 1,000 new homes, a district shopping centre with up to 250,000 sq ft of trading space and a substantial amount of office and industrial space.

Southwark Council's director of development was quick to call the plans "pie in the sky" and said the chances of success were remote.

Criticism, it seems, is set to continue to accompany the LDDC's every move. Only success in developing strategically important areas of docklands — like the Southwark site — will make that criticism harder to substantiate.

PROFILE: NIGEL BROACKES

Hard stint as rejuvenator

Mr Nigel Broackes, his philosophy is to work himself out of a job as head of the London Docklands Development Corporation.

IT HAS ALWAYS been a central tenet of Nigel Broackes' philosophy at the London Docklands Development Corporation that he should work himself and his management team out of a job.

Although appointed head, in 1979, of a quango to regenerate 5,600 acres of London's docklands east of Tower Bridge — most of it north of the Thames but a small amount the other side of the river in Southwark — he has always accepted that there is a finite limit to the time everyone should be doing the job before handing back much of the government of the area to the local authorities.

For himself, that time is now up. He has told the Government he would prefer not to have his appointment renewed this summer. "I have had a hard stint," he says, "especially in the early months. My period of office has been an uphill battle, but the worst of the problems are now over and my successor will have a downhill run."

For the rest of the staff Mr Broackes foresees a life of about another seven to eight years. By then, the necessary momentum will have been created.

When the corporation was [illegible] was created in 1979 but, because of legal complications, did not officially come into existence until 1981 —it faced one of the most serious problems of urban dereliction in Europe.

Much of the population had moved away — either encouraged to go to the new towns created since the war or to flats in other parts of London —and with the move of the docks down river to Tilbury the giant enclosed docks gradually ossified.

The first step in the rejuvenation of the area has been to bring people back, and this means an injection of private housing into an area where public housing accounts for well over 90 per cent of the total. With the return of people, jobs, it was believed, would follow.

The premise has been proved to be correct. There were just 700 privately owned houses in the corporation's area when Mr Broackes took over and it was planned this should be taken to between 14,000 and 15,000. Sceptics argued people would not buy in this part of London, but they were proved wrong as they were, earlier, in the east end of Glasgow where a similar housing plan achieved great success.

First project

The first project at East [illegible], with 2,000 houses, has already been completed and occupied and by April another 2,000 will have been started. The corporation now has a plan for 2,000 starts a year.

In addition, private developers have seen what is happening elsewhere and are starting their own schemes, such as in the Isle of Dogs. About 4,000 are being started this way.

What the corporation has done is to make houses available to those on lower incomes but within easy reach of central London. There are some very expensive houses being built in Wapping but the houses being put up to the corporation's plans are within the £25,000 to £45,000 price bracket.

Mr Broackes is also offering houses to the local authorities, houses he considers can be built quicker, and more cheaply, than the local authorities can build for themselves. Southwark is very much opposed to this course, but Tower Hamlets is likely to buy some in the Western Docks in the summer and Newham might rent some from the corporation.

On the industrial side, there has been success in the enterprise zone on the Isle of Dogs where the first 400,000 sq ft have either been completed and let or are near that position, all at commercial rents and without subsidies.

Major projects such as the moves of the Daily Telegraph and News International into docklands for printing are well along the path to completion and 170 acres in the Royal docks were bought in November for about £5m, a price very much below what land is realising in the enterprise zone but considered to be a special project.

It is expected that the Government response to the Short-Take-Off and Landing airport will be given in the next few months; Mowlem expects, given the go-ahead, to complete this in 21 months.

The Government has promised money for the light railway and although the corporation is running behind schedule on the major road schemes, especially the northern relief road, Mr Broackes is confident that the delays are not such as to set back the development seriously.

Critics have argued that the major developments, such as Hay's Wharf, have too high an office content for them to contribute sufficiently strongly to the social regeneration of docklands. Mr Broackes defends his approach by saying that office and other service employment is what places like Southwark and Tower Hamlets want since so many people are already employed in them.

They are; but dead areas at night as office workers stream back to the suburbs could merely recreate in 20 or 30 years time some of the problems docklands is trying to overcome now.

On jobs, the area already has 600 in the enterprise zone with another 2,400 assured in the pipeline. Other projects, such as the two Asda stores, have added almost a thousand more. A big surge of jobs is expected when the large projects are in operation: that day is not far away now.

A.M.

Cambridge scores a success

Science Parks

ANTHONY MORETON

PAUL MANNERS can see the spires and towers of the colleges of Cambridge from the window of his office. He can also see the more modern buildings of his neighbours on the Cambridge Science Park.

Both university and science park are the reasons why Mr Manners, who is managing director of Napp Laboratories, is where he is.

"We came here," he says, "because we wanted to be close to an academic centre of world renown. The company was spread among several locations in the UK and we wanted to put them all together on one site.

"There were other attractions. Cambridge offered us a large, greenfield site. We occupy 20 acres now. We could get a long lease and the science park is well situated in terms of the motorway and the main roads around the city.

"Essentially we came because of the resources Cambridge offers. We have already established a lot of contact with people in the university and not only are some of them working in conjunction with us but the whole university has a marvellous attitude towards business. This is most encouraging. The university is very commercially oriented."

Napp Laboratories are involved in the research, development, manufacturing and marketing of ethical pharmaceuticals. It already employs 250 on the science park, housed in a startling modern building, and is the biggest employer there.

Cambridge has undoubtedly become the most successful of the British science parks. It has about 25 companies operating and in the decade of its existence has gradually built up in strength.

The other university which started a science park at about the same time as Cambridge, Heriot-Watt in Edinburgh, has had a more chequered career and while it has some notable achievements to its credit there is a feeling that it has not progressed as much as it might have done.

Although these two universities have had science parks for a decade the development of the science park idea—linking university and high science-based concerns on a site as close to the university as possible—has taken a long time to get off the ground in the UK and until the last two or three years has played almost no part in the development of regional policy.

All that appears to be changing now, though. Nearly all the universities, and certainly all the newer ones, are actively looking for sites for science parks and throwing considerable resources behind their creation.

£750,000 a year

Aston, for instance, has allocated some £750,000 a year for management operations and Surrey is developing its park with its own resources.

This is beyond the ability of many universities which are now having to count their pennies very carefully. Nevertheless, it has not stopped places like Swansea, Keele, Warwick, Newcastle, Leeds, Bradford, Salford and Southampton all plunging in with great enthusiasm.

Why British universities should have taken so long to develop these parks is something of a mystery. The idea of science parks originated in the U.S. in the early 1950s at Stanford University and within 20 years there were over 80 in the country, some small some not very high science involved, but all attempting to link university staff and research with commercial concerns.

Not all the American parks produced winners but when they did there was amazing growth in the companies, perhaps the best example of which is Hewlett-Packard, set up in Stanford by two scientists.

The growth of the British science parks stems from the interest taken in them in the early 1960s by the then prime minister, Mr Harold Wilson. He and his advisers, having seen the success of the American idea, tried to transplant it to the UK.

He wrote to all the universities in Britain suggesting they set up their own science parks and the letter was immediately taken up at Cambridge where a committee was set up under Sir Nevill Mott, then Cavendish Professor of Experimental Physics.

The work of the committee was eagerly followed at Trinity College, in particular, because the college had a site on the edge of the city which it wished to develop. A science park on the site made a lot of sense since Trinity was one of the foremost scientific colleges in the university, home of men ranging from Isaac Newton to Rutherford. Although the park is known as the Cambridge Science Park it is, in reality, the Trinity Park.

The big drive towards the creation of science parks in the past three years means that Britain should have perhaps two dozen of them operating in the next year or so. The concept is well off the ground now and should contribute materially towards regional development in the rest of the 1980s.

REGIONAL DEVELOPMENT IV

More incentives urged

Wales

ROBIN REEVES

GOVERNMENT REVIEWS of regional development policy over the past decade have seldom been good news for Wales and the latest promises to be no exception.

Whatever the precise outcome of the consultations which are to follow the regional policy White Paper, the Government is clearly determined to move towards a more selective system of regional aid and, overall, to reduce the amount of money being spent on generating new jobs in the regions.

Yet, after the worst recession since the 1930s, Wales remains a long way from solving the structural problems created by the rundown of its steel and coal industries.

That said, the latest planned cutback has not exactly taken Wales by surprise. Arguably, it is no more than a continuation of a trend which began in the mid-1970s with the abolition of the regional employment premium.

The arrival in office of the new Conservative Government in 1979 was soon followed by a substantial reduction in the geographical areas qualifying for automatic regional development grants—a cutback which, as it turned out, hit Wales harder, intially, than any other region in the UK.

The rate of grant for development areas was also cut from 20 per cent to 15 per cent as part of the review.

However, the sharp impact of the steel industry crisis on Welsh unemployment in 1980 and 1981 forced the Government to revise its initial decisions regarding Wales. The Shotton travel-to-work area in North Wales and the Port Talbot, Bridgend, Newport, and later, Llanelli areas in south and west Wales were subsequently again upgraded in regional grant status because of the heavy steel job losses and soaring unemployment levels.

In 1982, after some effective lobbying on its behalf, the Development Board for Rural Wales, the statutory body responsible for economic development in Wales's rural heartland, also won the power to make grants towards new and expanding businesses deserving support. This was to compensate for the complete phasing out of regional grant status over an important part of its operating area.

It is true that the grant and loan facilities of the European *Coal and Steel Community*, the European Investment Bank and the European Regional and Social Funds have to some extent compensated for the erosion of the longer-standing regional policy financial incentives. But an investigation by the Commons Select Committee on Welsh Affairs in 1980 concluded that the incentives available were still inadequate to tackle Wales's economic problems.

It urged a more enhanced regional development policy but its recommendations were mostly rejected by the Government.

So too, it seems, has a more recent plea from the Wales CBI for regional development aid to *be maintained broadly in its* present form.

In a rearguard action mounted last summer as rumours of the impending review began to circulate, the Wales CBI argued that while a more selective system might promise to be just as effective in encouraging soundly-based capital investment and growth, in practice industrialists contemplating expansion were more impressed by the certainty of automatic regional development grants than the possibility of selective assistance — a bird in the hand is worth two in the bush.

It is also the case that the traditional regional grants system, while still important, has ceased to be the main instrument of economic development in Wales. Investment is being stimulated in selected *areas by urban development* grants, tourism grants, the enterprise zones, of which Wales has three, and above all by the work of the Welsh Development Agency and its rural cousin, Mid-Wales Development.

The WDA was established in 1976 with the triple tasks of building new industrial estates and advance factories, investing directly in promising industrial ventures, and clearing and reclaiming derelict land.

From the outset, these activities placed the Agency in the forefront of public sector efforts to diversify Wales's industrial base and create new jobs. So much so that the WDA, and its Scottish counterpart, the SDA, have become the envy of a number of the English regions.

At the end of the day, Wales is part of an international industrial economy where the competition for mobile investment is stiffer than ever before. Its traditional industries have felt the adverse effects of that international exposure, in terms *of both employment and capacity.*

In the circumstances, it can ill-afford any significant erosion of the financial incentives presently available for restructuring and modernising its economy.

Threat to high assistance levels

Scotland

MARK MEREDITH

SCOTLAND HAS done well by Britain's regional policy. Traditionally aid has been tilted north of the Border to encourage new industries. So when the Government starts a rethink about regional policy it is reasonable to fear that Scotland might not continue to benefit as much.

In the 1983-84 year Scotland will receive £150m in regional development grants and about £30m in selective grants. The entire UK aid budget is £643m. But one object of the review of policy was to eliminate distortions where aid has gone to large projects which in any event would have been set up in the region and which did not create a large number of jobs.

The BP terminal at Sullom Voe in Shetland is a case in point where £80m in grants was paid for a project which, in the view of the Scottish Office, would have needed the Shetland *location in any case* and where in the end 600 jobs were created.

Future regional assistance will be related more to jobs by use of a capital cut-off mechanism.

Mr George Younger, the Secretary of State for Scotland, said that the review would also discourage companies from grant-hopping — moving from one area of special assistance to another to benefit from a new round of financial assistance.

For Scotland, a key element of new regional policy will be a more efficient package to encourage foreign companies to set up a subsidiary base. This is an area where Scotland through its "Locate in Scotland" programme has already been very effective.

But competition from the Irish Republic and other parts of Europe for new investment is intense. A package of assistance which still has to remain within guidelines set down by the EEC, must be flexible enough to appeal to the foreign company.

Greater muscle

Selective assistance to date has been used to tip the scales in the case of a company which could be lost to another European location. Now selective assistance will have a greater muscle. "It will enable us to match the best terms on offer from the competition," said the Scottish Office.

Another key element of regional policy change will be the expected fillip to the service sector. Regional assistance to date has been slanted toward manufacturing jobs but these have declined in importance in the economy.

Manufacturing jobs declined by 20 per cent between 1977 and 1981 while service sector activity has increased. According to one official estimate, 64 per cent of the jobs north of the Border are in this sector. Areas such as electronics where a whole sub-stratum of service companies have sprouted to cater to the demands of bigger manufacturers could well benefit from these changes.

It could also assist the generation of companies trying to break into the fiercely-competitive offshore servicing industry, much of which is based at Aberdeen. But the element of the White Paper which is crucial for the region as a whole is its recognition of the social role of regional policy to reduce imbalances.

These imbalances are clear for Scotland. Even from senior industrialists, allergic to the idea of restrictions to the free market, come repeated demands that the Government help compensate for the disadvantages of operating north of the Border so far from European markets.

A socially-motivated policy will also be aimed at preventing some of the damaging depopulation of more remote areas of Scotland such as the Highlands and Islands.

There are signs today of welcome improvements to the Scottish economy. The electronics sector now employs between 36,000 and 40,000 and has built up a momentum of its own. North Sea oil employs about 80,000 to 100,000 directly and indirectly. The financial sector — Edinburgh is an active alternative to the City of London — has created about 70,000 jobs.

Recent industrial surveys have shown signs of recovery, however modest, which helps to offset the difficulties involved in the shakeout of Scotland's traditional heavy industries. Shipbuilding and steel as well as engineering remain sectors under siege.

A regional policy in the view of the trade unions and the Labour Party should be aimed at preserving these jobs and preventing a worsening of the current 15 per cent level of unemployment.

Need to present a common front

North West and North East

NICK GARNETT

REGIONAL POLICY is something few people, even within the same representative body, find it possible to agree on. In favour of present policy is Mr James Cran, the CBI's director for the Northern region which includes the North East's manufacturing areas of Tyneside and Teesside.

He believes that despite some drawbacks and weaknesses, regional policy has helped investment in his region.

A more critical attitude is taken by Mr Clive Jeanes, regional chairman for the North West. He said quite bluntly in a speech to this year's CBI conference that regional industrial policy "has been a failure since it has not achieved its major objective of redressing the balance in terms of regional disparities within the U.K."

Mr Jeanes favours the replacement of the present policy by a national industrial strategy which would offer assistance to selected industries or sectors, rather than to specific regions.

This view is not mainstream CBI policy nor does it fit in with the framework of the Government's recent White Paper on the subject.

Nevertheless, while there are differences there is also a great deal of consensus within the business community in the North of England on regional policy issues.

- First, much of the business sector believe that it would be pointless to have another set of regional development agencies to compete with those for Scotland and Wales. They do believe, however, that Scotland and Wales have an unfair advantage.
- Secondly, they believe that the business community, local authorities, and enterprise and related agencies within the two northern areas should co-operate much more closely to present a common front on regional policy.
- Thirdly, the New Towns, some of which are due to lose their special status soon, have clearly been nodal points around which some form of growth has been based over the last decade. "They've been doing a good job. Why should they be disturbed," asks one businessman.
- Finally, there is some unease, particularly in the North West, at the distortion created by a complex patchwork of assistance levels for an area which takes less than an hour to drive across.

Self-reliance is a strong motivator but in the North East and parts of West Cumbria Mr Cran points to one particular weakness and that is the relative lack of entrepreneurs of the right calibre. "We've got to solve that ourselves," says Mr Cran.

The CBI in the North East has been heartened by what it sees as a new realisation that more must be done to aid local businesses to start up. Consett, shattered by British Steel Corporation closures, is one example of a town where businesses are being built up from within the community.

Merseyside as a whole is subject to one of the weaknesses of regional incentives. A company that has been persuaded to establish a plant backed by grants is likely to think of closing it first in times of recession, *in favour of concentrating on* its traditional manufacturing areas.

The North West Industrial Development Association is now the subject of independent study to see if it can be put on a more professional footing as a promotion agency. This will involve changes in relationships with local authorities and between the local authorities themselves.

Generally in the North West there needs to be closer cooperation between organisations though rivalries between Merseyside and Greater Manchester or between Manchester City and Warrington, make that difficult.

In the North Eeast, Mr Cran points to a need for a joint body of some kind to co-ordinate regional promotional activities. He cites different attempts from different areas of the North East to attract the proposed Nissan project as an example of needless competition. There is an "institutional gap" in the region he says.

Fiscal aid attracts high-risk projects

Northern Ireland

ALAN WATSON

NORTHERN IRELAND has its own peculiar and rather obvious problems as a region. In terms of attracting new industry it often finds itself in competition with the Irish Republic rather than other parts of the UK.

The Northern Ireland Office is reviewing industrial incentives in parallel with the exercise in Great Britain. Although the Government's White Paper on regional policy did not deal explicitly with the province, it carried a message about value for money which is just as relevant.

The main target of the review is the system of Standard Capital Grants, paid at a rate of 30 per cent. Mr Adam Butler, Minister of State in the Northern Ireland Office, is seeking the views of the state job-creating agencies and both sides of industry.

Northern Ireland — geographically isolated from the rest of the UK and with its own special disincentive of civil unrest—boasts a package of grants which are among the highest in Europe.

Such an attractive array of fiscal measures is apt to appeal to high-risk projects. De Lorean need hardly be mentioned as an example of what can go wrong but, with seasonally adjusted unemployment at 20.7 per cent, there is immense pressure on officials to get results.

Legislation was enacted in 1945 to enable Northern Ireland to pay Selective Financial Assistance linked to the creation of specific jobs. In 1971 the legislation was extended to provide assistance for maintaining jobs.

Today the package of selective assistance can include capital grants of up to 50 per cent on new buildings, machinery and equipment; negotiable employment grants; interest relief grants; and Corporation Tax Relief Grant which can reimburse companies by up to 80 per cent of Corporation Tax paid on profits arising from the approved project.

In the present financial year payments under the Standard Capital Grant scheme in the province are estimated at £37m. Other financial incentives to industry will cost around £70m.

The province will have to mirror the result of the review in Great Britain but there is little reason to think that the outcome will blunt the competitive edge of the package.

Recently the Northern Ireland Economic Council, an advisory body which includes employers and unions, looked closely at the effects of paying Selective Financial Assistance to industry between 1945 and 1982.

In that period more than 170,000 jobs were promoted—that is, promised by companies at the time of agreement. Almost 10,000 of these were in new projects from within Northern Ireland; 67,000 from companies new to the province (from Great Britain and overseas) and 94,000 from the expansion of existing businesses.

In addition, a *further 14,000* jobs came from the activities of the Local Enterprise Development Unit set up in 1971 to encourage the growth of small firms employing fewer than 50.

Of the 170,000 jobs promoted, 137,000 were actually created. By June 1982, only 45,000 of those jobs were still in existence, a survival rate which appears low but which is broadly similar to the Irish Republic's experience.

The Economic Council said that for much of the post-war period, industrial development projects were a dynamic contrast to falling employment in the traditional manufacturing sectors of heavy engineering and textiles.

The contribution to the economy looks significant. The jobs existing in 1982 represented more than 40 per cent of all manufacturing employment in the region.

In addition, the council said, the industrial base had been diversified by the development of new *industries*—such as synthetic fibres, consumer electronics, automotive components and rubber products—and by the introduction of new products and processes to existing companies.

Much of the change had been achieved by attracting inward investment, frequently in the form of large projects, from Great Britain, Western Europe and North America.

The duration of the jobs is a major factor in calculating value for money. The research showed that in June 1982 the average employment duration was 8.1 years for all projects, including those still in existence, and 6.8 years for projects that had closed.

While new and larger projects had created more durable employment, the grant cost per job year created suggested it might be more cost effective to create employment in small and medium sized firms and in the expansion of existing companies.

REGIONAL DEVELOPMENT V

Europe's biggest reclamation scheme

Merseyside

IAN HAMILTON FAZEY

THE BIRTH of the Merseyside Development Corporation in 1980 was controversial. The new baby emerged into a world of complicated, often bitter, local politics and some of Merseyside's leaders would have strangled it before it could utter its first cry.

The MDC's job was to bring 865 acres of disused dockland back from the dead. Merseyside County Council and its officers believed that this was just the sort of strategic role it should have been playing but the Environment Secretary of the time, Mr Michael Heseltine, would have none of that.

The new corporation would report straight to him, bypassing local government, its bureaucracy, and the paralysis sometimes induced by inter-party quarrelling. Equipped with its own planning powers, the MDC would be able to give the go-ahead in a matter of weeks to companies wishing to set up in the docklands.

So how has it worked in practice? On the debit side, there have been few companies wanting to set up, so the MDC's lack of red tape has had little chance to be tested in this one regard. But that is not the MDC's fault: in an economic climate like today's, industrial property is a buyer's market.

The MDC's strategy therefore has concentrated on getting the disused Mersey docklands ready for development and attractive to industry and commerce — so attractive, in fact, that it may not need an economic upturn to get companies in when the work is complete.

Indeed, this year will mark the MDC's great leap forward in tangible, publicly visible achievement. The most noticeable works will be the International Garden Festival — Britain's first — to be staged on the banks of the Mersey on 125 acres reclaimed from a rubbish tip, an abandoned tank farm and a disused dock.

The project is the biggest reclamation scheme in Europe and few who have followed its development have not been impressed by the scale and quality of the work. Millions of visitors and pounds are expected at the festival, which runs from May to October.

The festival proves the value of a body like the MDC in getting on with the job. Similar projects on the Continent have taken up to a decade: the MDC looks as though it will accomplish the task in only three years.

Meanwhile, the MDC's other *major project has been to take* over the restoration of Liverpool's historic Albert Dock, the largest collection of Grade One listed buildings in Britain and a waterside complex probably offering even more than has been achieved with the St Katharine Dock in London, a relic of similar age.

The Albert Dock is being readied to become a complex of shops, offices and other amenities, including the Merseyside Maritime Museum and the northern home for the Tate Gallery. It is also going to act as the finishing post for the Tall Ships' Race across the Atlantic this summer.

That will only be possible because of the restoration of a water regime to Liverpool's south docks. When the port went into decline and shipping was transferred northwards to the modern technology of the Royal Seaforth Dock near the mouth of the Mersey, the locks to the south docks became too expensive for the Mersey Docks and Harbour Company to maintain.

Opening them to the river saw silt washing in on every tide. Clearing the silt and restoring the locks has taken the MDC the best part of two years.

Three projects

These three massive projects —the garden festival, the Albert Dock and the creation of a dockland "little Venice"—are, of course, all attractive in themselves, but Mr Basil Bean, MDC chief executive, stresses that they are really only a means to end. What matters long term is whether these large public works will really lead to real industrial regeneration and the creation of genuine jobs.

The garden festival site will be turned over to recreation, housing and, Mr Bean hopes, high technology industry (it's clean and would fit in with the landscaped, riverside surroundings). Hopes for the Albert Dock are that some of the service industries, such as finance and insurance, which still flourish in Liverpool, will rush for office space.

The two miles of dockland in between could be developed for a mixture of leisure and industry, depending on who comes forward from the private sector with money. Plans by Pavilion Leisure for a recreational and shopping complex seem to have come to naught, despite claims of widespread institutional interest.

Meanwhile there are a lot of old transit sheds waiting for developers. BAT Industries has already shown what can be done with these by converting one large one, now crammed to overflowing with the New Enterprise Workshops.

Meanwhile, too, the MDC still has a lot to go at in other parts of dockland under its remit, including a vast cleared site near the Seaforth complex of sea terminals that has been earmarked for port-related industry. There is little hope of this being used until there is a big economic upturn and a surge in North Atlantic trade.

On the Wirral side of the Mersey the job of getting the MDC's land ready for development has as yet hardly begun. First it had to be decided if there was any hope for Birkenhead's disused ship repair yards to do business again. MDC research suggested not and now the yards are being prepared for other industrial uses, if the industry can be found.

Would all this have happened without the MDC? Experienced observers who live on Merseyside doubt it. Certainly, nothing like what the MDC has even achieved so far would have happened in the timescale involved.

The corporation still has its political critics—though several leading politicians sit on its board. Liverpool's Labour leftists in particular see it as a Tory means of spending money on Merseyside in the way the Government wants, with no local democratic accountability.

But the fragmented and sometimes chaotic nature of Merseyside politics — scuffles have been known in the Liverpool council chamber—may well make many wonder whether that would be such a good thing. The very structure of the MDC—small, strong on project management, and well led by Mr Bean and his chairman Mr Leslie Young, the chief executive of J. Bibby and Sons—encourages action.

And that is one of the things Merseyside needs in large measure.

A difficult act to get together

Yorkshire and Humberside

IAN HAMILTON FAZEY

WHEN AN American magazine decided to publish a feature on York as a tourist centre and canvassed for advertising support, the Yorkshire and Humberside Tourist Board decided to try to make the message as broad as possible.

It appealed to the four county councils in its area—Humberside and the three Yorkshires, North, West and South — for £1,000 each to pay for advertising. This would point out that there was more to see in the region than most people expected.

Everyone agreed to chip in except North Yorkshire, which argued that it already has as many visitors as it needed, drawn by the Dales, the North York Moors, York and its Minster. Why should it pay to help the other three parts of the region?

Anecdotal though this is, it illustrates the sort of everyday problem faced by people responsible for industrial development in a region like Yorkshire and Humberside. There is no automatic way in which the region can get its act together; much depends on good will and consensus.

No one pretends, of course, that there is anything but good will and consensus on most things. As Mr John Syddal, Humberside's economic development officer says: "The Welsh Development Agency is probably doing little more than all of us but they do it all in-house. We do it through a number of bodies and agencies. We maintain good relatons so that we can call on each other *at short* notice, but clearly that's not quite as satisfactory as being able to do it all for yourself."

Political differences — and there are many in the region — are said to be submerged when everyone is fighting to attract companies and jobs. However, Mr Robert Davey, speaking for South Yorkshire, wonders whether this fools any astute potential inward investor for long.

Tensions

He also thinks they see through to the underlying tensions between various parts of the region. He says: "We have an employment promotion development unit and the other two Yorkshires and Humberside each have something similar too. It always seems silly to me that we have people going to Japan and America and the others have almost certainly done the same.

"I think this competitiveness is damaging. It's worsened again by the fact that the districts, towns and cities—like Sheffield, Barnsley and Doncaster—are all doing a certain amount of promotional work to attract developers too, so there is a double fragmentation.

"People from abroad coming to see if they should set up here don't want to get embroiled in great dissertation to explain the structure, do they?"

As all the counties point out, there is the Yorkshire and Humberside Development Association, but that is not the same thing as an agency. It is basically a promotional body for inward investment supported by the counties and the Department of Trade and Industry.

It has no advertising budget and its major work revolves round arranging company visits and exhibitions. It has a staff of eight. One of them, Mr Paul Richards, reckons that the region's presentation to Nissan was as good as anyone's, but concedes that a special effort was involved.

The end result of this loosely co-ordinated effort, as some people in the region point out, is that the constituent authorities turn inwards, looking for growth and regeneration in their own backyards, hoping to solve problems through training people in new skills and encouraging the birth of small businesses.

Some large-scale inward investment is needed, especially in places like Scunthorpe, where steel job losses have pushed male unemployment to more than 30 per cent. Small wonder then that however brave a face they put on things, the powerful agencies for the Celtic fringes —and Yorkshire and Humberside have as many people in them as Scotland—are looked at with some jealousy.

Crucial area for future of regional policy

West Midlands

ARTHUR SMITH

NOWHERE ILLUSTRATES more clearly the need for the recasting of regional policy than the West Midlands. This *is the region that in the post*-war boom had to be discriminated against.

Its very success in the prosperous 1960s and early 1970s meant the imposition of curbs and constraints to encourage industry to develop in "disadvantaged" areas, such as the North West and Scotland.

During those years, however, that the Government sought actively to transfer resources the decline of the West Midlands was gathering pace. The structural changes that were taking place might only have become evident over the past four troubled years—a period that has seen factory closures and a shakeout of labour on a massive scale.

The trauma is none the less real for a region that believed its wealth was based upon the spirit of self-help, individualism and free enterprise to find it now ranks alongside the worst in Scotland and Wales in terms of the lack of jobs.

The dramatic reversal in fortunes has provoked a perhaps predictable schizophrenic response among industrialists. On the one hand, there is instinctive and almost unanimous support for the Government's declared objectives of "rolling back" the boundaries of regional aid. But there is an equally emotional call, particularly from within local authorities suffering unemployment of up to 40 per cent, for a share of the special assistance.

The babel of voices from the West Midlands reflects not only the inevitable special pleadings of particular interests but also the genuine debate about whether the Government should give aid, to which areas and on what terms.

The fact that Mr Norman Tebbit's recent White Paper is more of a Green Paper—a discussion document—is seen in the West Midlands as a sign that neither the civil servants nor the politicians are clear about how to reconcile the objectives of policy.

Local industrialists realise the issues have been bounced neatly back to them. What happens in the West Midlands will be crucial to the whole future of regional policy.

Mr John Warburton, secretary of the regional group of chambers of commerce, expresses "the hope and the belief" that interests within the West Midlands will agree a common view in representations to the Government.

Lobbying

The chambers, tending to represent the interests of small business, have been consistent in their lobbying over the past few years in pressing for the abolition of automatic regional assistance. "We have stuck to our guns," Mr Warburton says.

He claims that a great deal of the White Paper reflects what the local chambers have been saying, particularly the need to cut the total bill for assistance and to direct aid more towards job creation.

By comparison with the crusading free market stance of the chambers, the West Midlands office of the Confederation of British Industry has trodden a more pragmatic path. Recognising the political reality that there were too many vested interests for the Government to adopt too radical an approach to assisted areas, it has sought to push the claims of the West Midlands within the existing system.

Indeed, the CBI has taken the lead in encouraging the region to speak with one voice through the creation of a West Midlands Industrial Development Association funded by the private sector, local authorities and the Government.

The welcome feature of the Government review of regional policy for the West Midlands is that the criteria for the designation of assisted area status is up for discussion. Even by the existing criteria much of the region ought to qualify for aid, but industrialists are likely to press for more "sensitive" measurements than merely overall levels of unemployment.

The West Midlands is looking for more flexibility and discretion in the allocation of aid.

The CBI in the region believes that selective assistance is likely to be more appropriate to the needs of local industry than automatic aid under a reformed system of regional development grants.

While keeping an open mind on what the split should be nationally, the CBI regional office is likely to recommend that locally the shares should be at least equal.

The CBI further argues that a two-tier system of assisted area status would be simpler. Category development areas, those with the greatest disadvantages, would be tightly restricted in size but would have access both to regional development grants and selective aid.

Category B, by contrast, should be confined to selective aid, but would cover wider areas.

Whatever the outcome of the latest Government review there is a firm belief in the West Midlands that the real path to growth will come, as before, from self-help.

REGIONAL DEVELOPMENT VI

How the Ruhr attracts new investment

West Germany

RHYS DAVID

A SEMINAR was held in London recently for industrialists, bankers, and City institutions with the perhaps rather surprising aim of encouraging British direct investment in the German state of North Rhine Westphalia (NRW).

Seen for a very long time as a potential source of investment by weaker economies, Germany itself is now pursuing an active regional development policy, with a range of measures similar to those being tried in Britain and elsewhere.

The range of problems varies from region to region. Berlin, for example, and areas bordering East Germany have long qualified for assistance on the basis of the special difficulties caused by their isolation. In the case of NRW, however, the emphasis on attracting new industry has arisen from the recent serious decline in the steel industry in the Ruhr—the industrial heartland of the region.

"In the 1950s and 1960s, when three quarters of the pits in the area were closed with the loss of 250,000 jobs, it was still possible to relocate most people in new jobs in other towns in the region. Rationalisation in the steel industry over the past few years has been so extensive that it is no longer feasible to do this," a leading official of one of the towns chiefly affected observes.

As in similar regions in the UK, the legacy left behind by years of prosperity based on strong demand for steel has been an unbalanced industrial structure. The Ruhr is dominated by big companies which have been shedding rather than increasing employment, and is seriously short of small- and medium-sized firms—sectors that have been continuing to show some employment growth in most countries.

Worse still for the city authorities where these major groups are located, their weak balance sheets have meant that their tax liabilities have been sharply cut back, reducing the amounts they contribute to the community.

Weighted down by its traditional industry base, NRW has also failed to generate, or attract, the development it would have liked in high technology sectors, even though it numbers among its companies the highly successful German computer manufacturer, Nixdorf.

As has happened in Britain, electronic developments, because they are not tied to a particular location by raw materials, have gone to what are considered to be environmentally attractive parts of the country, in particular the area around Munich.

Newer products

At the same time, larger companies in the area have, in a number of cases, sought to buy their way into newer products by acquiring operations in southern Germany rather than by setting up new subsidiaries in the Ruhr.

Duisburg at the western end of the Ruhr, with around 25 per cent of its jobs in steel and 50 per cent in steel-related industry, exemplifies many of these problems. Its big metals groups—Kloeckner, Thyssen, Krupp and Mannesman — have all been badly affected by the European steel crisis, and this has had a knock-on effect on other related sectors such as transport.

Unemployment in the city, the ninth biggest in Germany with a population of 570,000 has risen to around 14 per cent against 9 per cent in Germany as a whole. Outwardly, it is still as prosperous-seeming as most German cities, but compared with the nearby regional centre of government, Dusseldorf, which has swept up most of the available administrative and service opportunities, it is relatively depressed.

Other cities in the *Land* are suffering for broadly similar reasons. Monchengladbach's textile industry, which was developed originally to meet demand from the British and French soldiers of the Napoleonic wars, has also been in decline. Unemployment has risen to 12-13 per cent, even though the military remain in a supporting role. Monchengladbach is one of the main British military bases in Germany.

At *Land* level the problem is seen as one of securing as speedily as possible the rapid modernisation of the industrial structure, correcting weaknesses such as a lack of product innovation and over-dependence on traditional market outlets.

"We have adopted a policy of not protecting old industries against change and we expect sectors to modernise. We want to insert into the production structure whatever is available the world over to make the products of the future," Dr Reimut Jochimsen, the minister for economic affairs and transport of NRW, said in London.

In some cases this will mean direct investment but the *Land* is also looking for industrial partnership, technological co-operation and the setting-up of joint ventures.

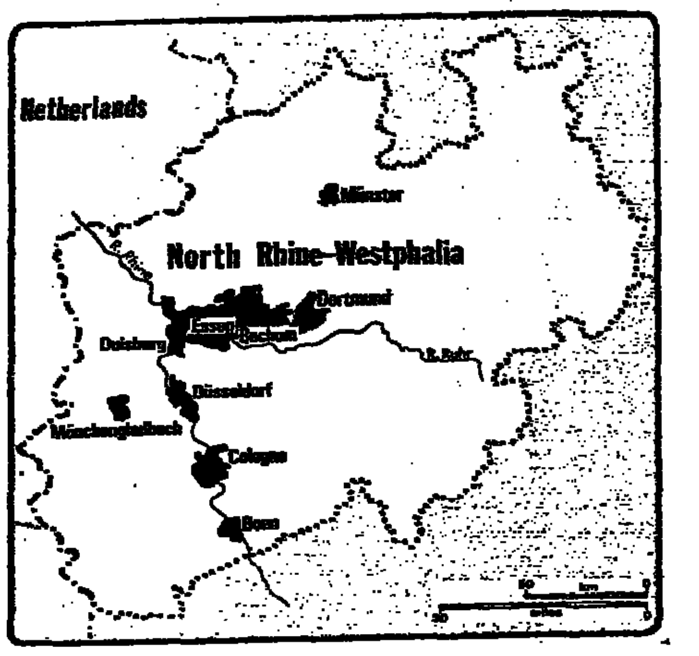
The *Land* and the main cities are, therefore, now engaged in marketing the area internationally, stressing its good communications, a reliable labour force and, perhaps most surprisingly for Germany, the incentives they can offer.

Under the regional aid system operating in Germany for the last 15 years, grants varying from 10 per cent to 25 per cent of the cost of projects is available depending on the location. The level of assistance for each area is determined in a once a year exercise by a joint committee of the Federal Government and the 11 *Lander*, according to a number of factors such as unemployment, income, and infrastructure. Aid levels are adjusted upwards or downwards at this yearly review on the basis of trends. Investment allowances at a basic rate of 8.75 per cent are also given.

In NRW grants towards the cost of new projects are available at 69 locations, all highly localised in contrast to the UK's blanket approach.

Thus, in Duisburg, under a special scheme for areas affected by steel closures, aid totalling 15 per cent of investment costs can be obtained for non-steel projects. Duisburg has also been selected, because of its special problems, as the site for a DM 120m, new national micro-electronic research and development unit, one of a series of 12 institutes covering different product areas, set up and supported jointly by the research ministry in Bonn and the *Lander* economic ministries.

The aim is to ensure that R & D results get taken up in the local economy, particularly by smaller companies, and the location of the micro-electronics institute in the Ruhr is intended to counter the pull of southern Germany. In five years time it is hoped the institute, which will cover its costs by selling its products and services, will employ some 250 people.



Serious effect

In Monchengladbach — a mechanical engineering as well as textile centre—the recession has had a serious effect on the city's mainly medium-sized employers, and aid of 20 per cent towards new projects is available.

As in the UK, efforts are being made to attract Japanese investment, in this case from the pool of 250 Japanese groups which have offices in Dusseldorf, but which might be looking for a manufacturing site in Europe.

Canon already has a copier plant there, and JVC recently opened a DM 50m, 65,000 square metre new plant employing 200 people on the outskirts of Munchengladbach, to produce video tape cassettes.

Like their counterparts in the UK, the German cities and the *Land* authorities provide a certain amount of hand-holding for potential investors in the form of advice and guidance, particularly in dealing with red tape, and there are also special measures to help small businesses, to encourage the use of new technology, and to assist with retraining.

The state also provides extra funds once a year for areas with special problems, which can be spent on major schemes such as infrastructure improvements.

Considerable help is also given with land acquisition. Most industrial companies in Germany prefer to buy land on which to build their own premises, unlike Britain where rental is more common. The regional authorities make funds available to local authorities to buy land and redevelop for use by industry. The land is then sold on to industry at a cost which will leave the local authorities breaking even.

The effort now being put into the regional programme by the *Lander* — all of which have similar promotions to that of NRW—and by the various cities is in itself recognition of the fact that Germany is no longer the self-sufficient industrial giant it once was. In the new technologies the Japanese have the lead, and in traditional product areas it is now seen as essential to secure modernisation and to move into higher added-value products.

The various development bodies in Germany argue that the incentives they can offer are less generous than those in other parts of Europe—including Britain—but German cities do have other advantages, not least their central position in Western Europe and the opportunity of operating within the vast German economy.

In the competition for internationally mobile investment Europe's more experienced practitioners, including the UK, now have a formidable rival.

A question mark hangs over this experiment

Enterprise Zones

ANTHONY MORETON

LAUNCHED FIVE weeks ago today, The North East Lancashire zone, is a good example of the way in which political thinking about the role of enterprise zones has changed.

The original intention was that the zones should be areas *in which the planning functions* were reduced to a minimum, allowing companies to grow organically. It was thought by the Conservative Party that business, if unfettered, would prove it could grow faster than when hampered by bureaucratic, socialistic controls.

That may still be the case. But enterprise zones have not been allowed to prove it. In fact, it is doubtful at the moment if they have proved anything.

The Lancashire zone has been drawn up in such a way that it will be difficult to sustain either political ideology or commercial sense. It is not one, unified area but seven plots of land on which the Government has thought fit to do something to stimulate industry.

Seven plots

Those seven plots are in four separate boroughs — Burnley, Hyndburn, Pendle and Rossendale. It is difficult to see such a zone being considered as part of regional policy.

To be fair to the Government it probably has never seen enterprise zones in this light. Their sponsoring ministry is the Department of the Environment, which has much more to do with inner city development rather than regional policy, which comes under the Department of Trade and Industry.

But there is no doubt that the 25 zones chosen have been selected with a careful eye for regional balance—three in Wales, three in Scotland, two in Northern Ireland, the rest geographically spread around England—so that they have to be seen as part of regional activity even if not of direct regional policy.

Most of the original 11 zones were, however, single areas and where they were either two plots or in two boroughs, such as Salford/Trafford or Clydebank/Glasgow it was merely because an administrative line divided two local-authority areas with a common problem.

North East Lancashire is, however, much more typical of the second list of 14 zones announced. Many of them are a hotch-potch of areas. Dundee, for instance, has seven sites, six in the city and one nearly 20 miles to the north in Arbroath.

The Medway-towns zone is on five different sites in the three boroughs of Gravesham, Rochester, and Gillingham.

The consequence of this is that the zones have had to be carefully drawn to exclude property already in existence. This has not always been possible with the result that some companies, having unexpectedly found themselves placed in a zone, have received a windfall gift through the most important attraction the zones have to offer—a 10-year rates holiday.

This might not have mattered if it could have been proved that the zones have been a resounding success. However, the first two reports on the progress of the original zones has been carefully *non-committal* about their success, arguing that more time is needed before a judgment can be offered.

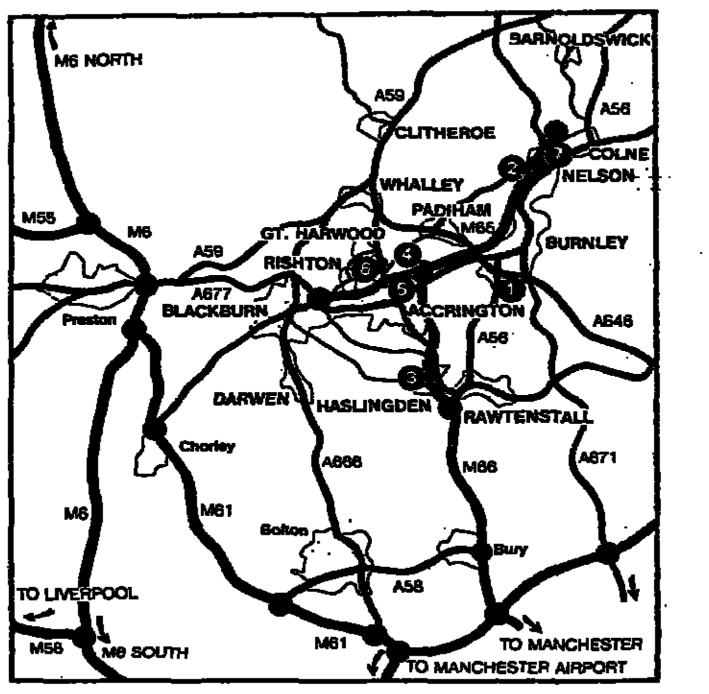
Critics of the zones allege that they do little to generate new employment, and tend to distort local property values. The former is a more cogent argument than the latter because in practice most independent judges seem to believe that the property market has not been unduly upset by the zones.

With few exceptions, though, the zones do not appear to have generated a lot of employment. Some have been successful in attracting businesses inside the boundaries but on the whole these are merely transfers of existing enterprises from outside the zones.

Some, such as Corby, Swansea, Clydebank and Salford/Trafford, have generated a considerable amount of new investment and new employment. The majority, however, have had a hard battle to attract businesses.

That makes it all the more surprising that the Government should have pushed ahead with the creation of more enterprise zones. When they were launched by Sir Geoffrey Howe, then Chancellor of the Exchequer, he maintained that the concept was an experiment.

The present Secretary for the Environment, Mr Patrick Jenkin, has pushed ahead with their creation *without proving* that the experiment is succeeding, which many people concerned with enterprise zones find a curious way of going about business.



The North-East Lancashire Enterprise Zone is not one unified area but seven plots of land in four separate boroughs: Burnley, Hyndburn, Pendle and Rossendale. The sites are (1) Rossendale Road Industrial Estate, Burnley; (2) Lomeshaye Industrial Estate, Pendle; (3) Carrs Industrial Estate, Rossendale; (4) Altham Industrial Estate, Hyndburn; (5) Huncoat Industrial Estate, Hyndburn; Clayton-le-Moors Industrial Park, Hyndburn; (7) White Walls Industrial Estate, Pendle.